

4.10 This process of change will take considerable time and will require full involvement and commitment of the social partners. Social dialogue at the sectoral level (at the national as well as at the European level) is the most important instrument to construct a bridge between the views of employers, self-employed and workers and the goals of EU policy. This is particularly true for legislation and regulation pertaining to manning of ships and hours of work and rest for crew members.

4.11 For the future of European IWT, extra attention is urgently desirable for education and training. The social partners should make their contribution to this.

4.12 Agreements between social partners at Community level on the basis of Article 139 of the EU Treaty can lead to IWT-specific regulations. In the EESC's opinion, this is appropriate when the social partners agree that the special needs of the sector demand additional regulations to the minimum provisions which the Council has laid down under Article 137 of the Treaty.

Brussels, 29 September 2005

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Proposal for a Joint Declaration by the Council, the European Parliament and the Commission on the European Union Development Policy — The European Consensus'

(COM(2005) 311 *final*)

(2006/C 24/16)

On 29 July 2005, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for External Relations, which was responsible for the Committee's work on the subject, adopted its opinion on 8 September 2005. The rapporteur was Mr Zufiaur.

At its 420th plenary session, held on 28 and 29 September 2005 (meeting of 29 September), the European Economic and Social Committee adopted the following opinion by 84 votes to five, with six abstentions.

1. Introduction

1.1 The initiative of the Commission and the Council to revise the Declaration on Development Policy adopted in 2000 and, in general, to reshape the future of this policy is, from all points of view, extremely important. Developments on the international stage, new standpoints and consensuses on development policy in the international community and changes within the Union itself suggest that this revision is needed. Likewise, the growing problems of under-development, particularly in Africa, and the increasing differences between countries brought about by globalisation underscore the need for a revision of the Community's development policy.

1.2 Some of the changes that have taken place at international level, and which have in one way or another affected development policies, are: increased security-related concerns following 9/11; the results of the 2001 WTO meeting in Doha and the subsequent process which forms part of the Development Agenda; the new international consensus on development

reached at the Millennium Summit and echoed at the Monterrey, Johannesburg, Cairo and other conferences, on such issues as funding, the environment, gender mainstreaming and HIV/AIDS; the process of harmonising the development policies of donors launched by the OECD's Development Assistance Committee (DAC); and the consolidation of a number of new instruments for planning and implementing aid, such as Poverty Reduction Strategy Papers (PRSP), Sector-wide Approaches (SWAP) and budgetary support. More recently, the High Level Forum on Aid Effectiveness, held in Paris in March 2005, made progress on this matter, with donors signing up to a number of commitments on ownership, results-based management and shared responsibility.

1.3 These changes have also been affected by the scant progress achieved, according to most indicators, towards the targets set five years ago for the Millennium Development Goals (MDGs). To ensure that these targets are not missed by the 2015 deadline, the international community must review

its policies and come up with a genuine emergency plan. This plan must be capable of generating additional resources for public development aid and must cover economic aid, trade policy, debt, intellectual property, taking account of the effects of migration and strengthening civil society organisations.

1.4 During the same period, important issues have arisen in the Community which also affect development cooperation; the reform of external aid started in 2000 with the consolidation of EuropeAid and the process of deconcentration and decentralisation in Commission delegations; the entry into force of the Cotonou Agreement in 2003 (the revised version of the agreement has just been signed, under which the ACP countries will benefit from a guaranteed minimum amount, irrespective of the outcome of the negotiations on the financial perspectives 2007-2013) and the process underway to include the European Development Fund (EDF) in the budget. On the wider stage, the EU's enlargement to 25 Members, the implementation of the European Security Strategy and the Common Foreign and Security Policy (CFSP), and the discussion of the Constitutional Treaty incorporating development policy into the EU external relations 'policy mix', give a new dimension to development aid, requiring a new approach. Lastly, the discussions on the Financial Perspectives 2007-2013 could provide an opportunity to translate the implications of all the above issues into concrete commitments.

1.5 The consultation process launched for this revision of development policy is also to be welcomed as it boosts the democratic participation of all the actors involved.

1.6 At the beginning of this reflection process in January 2005, it was envisaged that a Commission Communication would be drawn up in the first quarter of the year. This Communication was finally published in July of this year and the Commission asked the EESC for its views on the document. This opinion is a response to this request. Given that the United Nations conference reviewing the progress made on the Millennium Goals will be held in September, the EESC considers that it would be appropriate if, once the conclusions of this conference are known, the Commission reopened the consultation process before finalising the Declaration, which is to be presented at the November Council. Furthermore, the fact that this process coincided with the drafting of other Community institution positions — for its part, the EESC contributed by drawing up its position on the Millennium Development Goals (known as the *MDG package*⁽¹⁾), on which the Council has called for progress to be speeded up — could help to ensure greater commitment on the part of the European Union as a whole to addressing development issues and

⁽¹⁾ This 'package', published in April 2005 consists of three Communications: COM(2005) 132 on The European Union's contribution, COM(2005) 133 on Financing for development and aid effectiveness, and COM(2005) 134 on Policy coherence for development.

presents an opportunity to consolidate the leading role the EU plays in the developing world. The EESC considers it very important that all the Community institutions agree on the broad lines of development policy.

1.7 **The Declaration on Development Policy**, adopted in 2000, was drawn up jointly by the Commission and the Council, reflecting the widespread support and consensus for the document. This time around, the Commission also intends to involve Parliament. The EESC is extremely interested in playing a key role in this process because it considers that development policy warrants maximum support from the European public and from the institutions representing civil society.

1.8 The EESC believes that it would have been useful if the Commission paper — *The Future of EU Development Policy* — which has recently focused consultation and debate on the matter, devoted more effort to evaluating the effectiveness of Community aid since its inception and provided a more detailed analysis of the bottlenecks and problems that have had an impact on its effectiveness over the years⁽²⁾. The problems, in our opinion, have been the slowness in implementing the programmes, the high administrative and other costs relative to the funds allocated to the projects, the coupling of aid, the secondary role played by the beneficiary countries and the unpredictability and volatility of aid flows. It would have been good to see even a brief assessment by the Commission of the 2000 Declaration's impact and of the various problems faced by Community cooperation, as well as the results that it has achieved and the lessons learned over this period. There are other recent studies⁽³⁾, however, carried out with the European Commission's support, which provide a very useful frame of reference in this matter. In the EESC's opinion, the limited effectiveness that development aid has demonstrated in combating poverty calls for a degree of self-criticism and the revision of future development policy, as well as continuing with the efforts initiated by the Commission to improve the quality and effectiveness of Community aid.

2. EU development policy: aims and goals

2.1 Both the Communications on the MDG package and the 2002 Barcelona commitments on meeting the Monterrey objectives address the two basic aspects of aid policy — the volume of public funds provided and their effectiveness. There is considerable international consensus on this issue, embodied in the MDGs which have been endorsed by 189 countries⁽⁴⁾.

⁽²⁾ Note should be taken, however, of the Impact Assessment that accompanies the Commission proposal, the Annual Report on Community development policy and external aid and the Commission's thematic and geographical evaluations that systematically include the practical implementation of development policy.

⁽³⁾ ODI/ICEI/ECDPM Assessment of the EC development policy. DPS Study report. February 2005.

⁽⁴⁾ General Assembly Resolution A/RES/55/2, of 8 September 2000.

Reducing and, in the long term, eradicating poverty must be the guiding principle for all development policies. This consensus on the MDGs sometimes becomes overly rhetorical, overlooking the fact that they comprise eight goals for social, economic and environmental development with, at the top of the list, reducing extreme poverty by 50 % by 2015 and that the goals are given practical form in 18 quantifiable targets with one or more indicators for each of them. The European commitment to each of the MDGs must be in line with their practical and operational dimension. The existence of practical targets and indicators for the MDGs can also help to increase the much-needed accountability and transparency of cooperation in general and of European aid in particular ⁽⁵⁾.

2.2 For the first time in decades, developed countries and poor countries now have a common development agenda for managing globalisation, in an attempt to make it more inclusive and more conducive to social cohesion. Development must in any event be addressed in an integrated and all-embracing way, so as to take account, in the fight against poverty, of the influence of various policies, from trade-related policies to environmental policies, including migration and security policies. A gender focus must be incorporated in any initiative to combat poverty.

3. Guidelines and channels for European development policy

3.1 The underlying causes of poverty are many and varied and differ according to context. Nor is poverty defined by a given level of income. It is a situation of extreme vulnerability, resulting from a lack of physical, financial and human resources. Combating poverty is not simply a question of increasing the overall volume of aid. Conditions must therefore be put in place for the increase and correct distribution of wealth; developed countries must revise their trade and economic policies; the local markets of the poor countries must be expanded; democratic institutions must be promoted; and civil society organisations must be strengthened. There must also be an effective and fair relationship between the role played by the State and that of the market. Experience in recent decades has shown that unless States are able to provide hard and soft infrastructure, it is impossible to promote development.

3.2 Schemes to formalise property rights for the poorest sectors (involving property of little apparent value, such as the

shanty towns in some Latin American countries), have shown that these legal property rights can have positive effects on development and in the EESC's view, should be taken into account in European development policy.

3.3 The EESC also wishes to emphasise the importance of education and training as a public asset. Education provides benefits for society as a whole and not only for those who are learning. Education, in all its forms, represents an increase in human capital, which makes for improved growth, employment and incomes. Starting with achieving universal primary education, as set out in the second MDG, we must move towards other aspects of secondary and vocational education as quickly as possible. Cooperation between Community institutions and those in the Member States on educational matters should be stepped up.

3.4 Economic growth and more jobs are prerequisites for development in poor countries. Growth cannot take place, however, without a minimum level of infrastructure, income distribution systems, access to education and health, high-quality institutions and social consensus. Unless this social capital is in place, economic development with social cohesion is impossible. Poverty is, in turn, an insurmountable obstacle to growth. Establishing a culture of production, measures to assist the regularisation of the informal economy (promoting self-employment and the social economy, developing SMEs, adequate social protection systems) and developing a significant local and regional market, are, the EESC believes, some measures that could contribute to economic development in poor countries.

3.5 Opening up international trade provides major opportunities for helping the least-developed countries to emerge from poverty and underdevelopment. Nevertheless, current world trade regulations favour the most highly developed countries to the detriment of the poorest. The EESC has stressed this in various opinions, most recently in its opinion on the social dimension of globalisation ⁽⁶⁾. It would therefore be appropriate, in the current round of WTO negotiations, the next ministerial meeting for which will be held in December in Hong Kong, and as part of the Union's bilateral relations, to improve developing countries' access to the markets of developed countries, to reduce or eliminate all of those subsidies — including subsidies for farming — which distort trade, to remove most obstacles to exports from developing countries and to reform the agreement on trade-related intellectual property (TRIPs). It would appear advisable, therefore, to avoid making EU development aid dependent on the positions developing countries adopt in multilateral trade negotiations, which is precisely how some international financial institutions act.

⁽⁵⁾ The MDGs are as follows: 1. Eradicate extreme poverty and hunger; 2. Achieve universal primary education; 3. Promote gender equality and empower women; 4. Reduce child mortality; 5. Improve maternal health; 6. Combat HIV/AIDS, malaria and other diseases; 7. Ensure environmental sustainability; 8. Develop a global partnership for development.

⁽⁶⁾ Opinion on The Social Dimension of Globalisation – the EU's policy contribution on extending the benefits to all, OJ C 234 of 22.9.2005.

3.6 The poorest and least-developed countries are also highly vulnerable to integration in external markets and do not have the resources to cope with the various stages of economic transformation. As a consequence, development policy should be geared towards a gradual integration into global markets, providing investment in infrastructure, education and health, developing democratic institutions and the emergence, in these countries, of their own, efficient internal markets, together with regional markets.

3.7 The EESC has on a number of occasions stated its support for incorporating a social dimension into EU trade, political and cooperation association agreements (7). This minimum social dimension should include promoting decent work, developing public and private social protection systems and fully respecting employment rights (the eight fundamental ILO conventions (8) and Conventions Nos. 168 on Employment Promotion, 183 on Maternity Protection and 155 on Occupational Safety and Health).

3.8 Given the importance of decent work (i.e. work in decent conditions, both in terms of contractual obligations and the conditions in which work is carried out) for development, the EESC considers that, in order to ensure that these human rights are observed in the workplace, a social chapter should be incorporated into WTO rules.

3.9 The MDGs for their part do not take sufficient account of this fundamental dimension in a context in which the effects of globalisation on social conditions in general and on working conditions in particular are clear to see. The EESC proposes that the mid-term review of the MDGs currently underway incorporate an analysis of the economic, social and employment rights situation and that, in future, decent work is made the **9th Millennium Development Goal**.

3.10 Development and human security should be complementary concepts and should strengthen EU development policy. It is true that security and ensuring a conflict-free environment are prerequisites for a development strategy based on eradicating poverty. On the other hand, however, economic and social development constitute an essential guarantee for security. The EESC believes that respect for human rights must be a key priority for EU development policy, paying particular attention to the importance of women's rights in combating poverty. It will make a substantial contribution to reducing poverty and to making the world a safer place.

(7) Opinion on How to integrate social aspects into the Economic Partnership Agreement OJ C 255 of 14.10.2005; Opinion on Social cohesion in Latin America and the Caribbean, OJ C 110 of 30.4.2004; Opinion on Human Rights in the Workplace, CESE 933/2001.

(8) Conventions on Freedom of Association and Protection of the Right to Organise (No 87); Right to Organise and Collective Bargaining (No 98); Forced Labour (No 29); Abolition of Forced Labour (No 105); Discrimination (Employment and Occupation) (No 111); Equal Remuneration (No 100); Minimum Age (No 138); Worst Forms of Child Labour (No 182).

3.11 The EESC thus reiterates (9) the need for EU development policy to incorporate measures geared towards protecting defenders of human rights, including human rights in the workplace (10), throughout the world.

3.12 The extreme vulnerability of many communities and the existence of new and long-standing threats have heightened the risk of both natural and man-made disasters. Development policy must bear this in mind and adopt a more preventive approach. In areas susceptible to violence, the planning of development policy measures should incorporate a rigorous analysis of the factors triggering conflict and target many of these measures at supporting civil society organisations in their efforts to consolidate peace and resolve and prevent new conflicts and threats.

3.13 The EESC considers that, because environmental protection is one of the three pillars of sustainable development, it must be given the same priority as the economic and social dimensions. The EESC therefore stresses the need to add the environmental dimension as an indicator of effectiveness in the implementation of development strategies. Furthermore, carrying out environmental impact studies should be made a prerequisite for projects and actions of a certain scale.

3.14 The EESC also believes that national strategies in the beneficiary countries alone are not enough to overcome global environmental challenges. Developed countries must shoulder their responsibilities and contribute the lion's share of costs inherent in solving global environmental problems. The EU should make additional financial resources available to programmes designed to solve problems of this nature.

3.15 Simply absorbing developing countries into international trade is not likely to be enough to lift them out of poverty and inequality. This would require creating in these countries conditions conducive to development, making economic and political progress and implementing a policy of wealth redistribution from the rich countries to the poor. At the same time donor countries need to understand that development aid is not intended only to benefit poor countries — it is also crucial to the future of rich countries as poverty and inequality constitute a threat to the security and development potential of these countries. This last point, the EESC believes, is one of the tasks best performed by organised civil society.

3.16 EU development policy can therefore make a positive contribution to integrating migratory flows and to boosting a policy of co-development with the sending countries (11). Cooperation with the countries of origin is crucial to managing legal migratory flows and for migrants to be admitted with complete respect for their rights, as full citizens (12). Migration must also

(9) Opinion on Social cohesion in Latin America and the Caribbean. OJ C 110 of 30.4.2004, p. 55.

(10) A particularly relevant issue is the infringement of trade union rights in many parts of the world, such as Latin America, where trade union activists are persecuted, imprisoned and, in many cases, murdered.

(11) See EESC Opinion on the *Green paper on an EU approach to managing economic migration* OJ C 255 of 14.10.2005.

(12) EESC opinion on Access to European Union citizenship (OJ C 208 of 3.9.2003).

contribute to the development of migrants' countries of origin ⁽¹³⁾. Policies compensating for the brain drain must therefore be put in place, the abusive rates applied to remittances that migrants send to their families in their countries of origin must be stopped and these individuals must be helped to return to their countries to boost development and, for example, to set up productive businesses.

4. Criteria for mobilising European development policy

4.1 The issue of consistency between policies — already a long-standing issue in Community aid and which has its legal base in the Treaties — takes on renewed importance in the new international context, which is marked by the security agenda and by the effects of globalisation on trade, agriculture, employment, migration, etc. The recent Commission Communication clearly demonstrates the relevance of this issue and the EU's determination to provide an appropriate response. The EBA (Everything But Arms) initiative represented a new approach to consistency as regards trade policy towards poor countries.

4.2 EU development policy is not designed to be a remedial instrument, geared to reducing possible damage to the development of poor countries caused by other policies, such as trade or security. The EESC believes that better coordination between the various Commission directorates (between the trade and employment directorates, for example) would help to make this approach more effective, as would a periodic evaluation, in which organised civil society would play a leading role, of the impact of Community policy on social cohesion in developing countries.

4.3 This consistency across all EU policies, should not be used, however, to water down the content of development policy, putting it at the service of other Community actions and ignoring the specific characteristics and objectives of development measures. By the same token, in a Union which is increasingly involved in external action and which is constantly changing, development policy must retain some independence from the other strands of external action if it is to be able to achieve its aims and goals.

4.4 The EESC considers that Community development policy and the policies of the 25 Member States must be brought further into line with one another. The support of all

Member States for the MDGs and for the positions of the OECD's Development Assistance Committee (DAC) should make this easier. Donor country policies, which often clash, should be more consistent with one another. This lack of consistency leads to high transaction costs, wastage, duplication of work, an unfocused approach and considerable complications for the recipient countries. At the Barcelona European Summit of March 2002, the EU gave a commitment to adopt practical measures on coordinating policies and aligning procedures before 2004, both within the European Commission and in the Member States. Nevertheless, the recommendations arising from those commitments have not really been put into practice. The EESC believes that effectively bringing EU and Member States' development policies closer into line with one another is crucial to the future of Community development policy. As far as it can, the EESC will stimulate a discussion with European civil society organisations, in order to create a common European platform for development policy. The EESC also supports the Commission's position on the need for a Europe-level development policy that involves both the Member States and the Commission itself.

4.5 The main added value of a Community development policy should be to enhance coordination and complementarity with Member State policies. The EU does have some comparative advantages, such as its size, its image of neutrality and its contribution to World Funds. All of these advantages should be used.

4.6 At the same time, the EESC supports the idea of moving ahead on the EU's participating with its own voice in all multilateral forums touching on development. The EU must play an active role in reforming the multilateral system, adopting a common position. This should apply to the United Nations system, as part of the process opened by its Secretary-General, and to the international financial institutions and other multilateral forums such as the DAC, the Paris Club, the G8 and the WTO. The EU's ability to wield influence as an international actor with real power depends on its ability to maintain a united front in multilateral bodies. Similarly, the EU must strengthen mechanisms for consultation and coordination on the ground with the UN specialised agencies and other donors.

4.7 The institutional dimension of development and enhancing local institutions' capacities in the recipient countries is crucial. Stronger institutions are the key to achieving good governance, which allows resources to be allocated and managed in such a way that they meet needs whilst adhering to the criteria of participation, transparency, accountability, combating corruption, fairness and the rule of law. Increasing the capacities and resources of CSOs is also crucial to ensuring that these countries can take charge of the development process themselves.

⁽¹³⁾ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Migration and Development: Some concrete orientations (COM (2005) 390 final).

4.8 In this connection, the EU should capitalise on and learn from the cooperation programmes with the new Member States, which have in a short space of time progressed from being recipients of aid to members of a community of donors. Their appreciation of the standpoint of the receiving partner could prove extremely useful in passing on innovative methods for managing aid.

4.9 The high degree of decentralisation in those countries which are the recipients of Community cooperation means that mechanisms for the participation of the various partners must be improved and that forms of coordination that apply this 'bottom-up' approach to cooperation must be implemented on the ground.

4.10 Improving coordination and consultation mechanisms should result in greater efficiency and effectiveness in aid because transaction costs will diminish. Efficiency is affected by many other factors, however, and monitoring this must form an integral part of all Community cooperation. The Commission has put in place rigorous systems for evaluating and monitoring the quality of aid; these should be used more extensively, not only because they offer the necessary accountability but above all because of the lessons they can teach us. Other more general issues, such as studying the fungibility⁽¹⁴⁾ of aid, should be incorporated into aid assessments carried out by the Community institutions.

4.11 The principle of ownership, which has to date been applied differently in different geographical contexts, should be harmonised, taking advantage of existing good practices and learning lessons from their implementation. Participation and ownership should mark every phase of the planning of activities, programmes or projects; from discussing indicative national programmes to ex-post evaluations of actions.

5. Stakeholders in development policy

5.1 Community development policy is a public policy involving many stakeholders. This fact should be given greater recognition by the Community institutions by making it easier for the various European organisations to participate in this policy. Cooperation between the various stakeholders, both public and private, is a prerequisite for development policy to be effective and consistent.

5.2 Implementing the principles of association, participation and ownership has resulted in improved cooperation on development, which must be maintained and extended, with greater involvement by other social actors, and not only governmental actors.

⁽¹⁴⁾ Term denoting the inappropriate use of aid resources by the beneficiary.

5.3 Drawing up long-term policies to combat poverty and making better use of development aid transfers require an effective pact between the democratic authorities of the recipient countries and the economic and social powers in those countries.

5.4 The EESC believes that strengthening civil society organisations (workers, employers, consumers, human rights organisations, etc.) in the southern hemisphere should become one of the main priorities of EU development policy. Reducing poverty and inequality involve to a large extent increasing civil society organisations' capacity for making demands, for negotiating, for achieving compromises and for participating. EU development policy should, accordingly, not only promote their genuine participation in actions arising from development aid but should also strengthen genuine civil society organisations and boost their recognition within their own societies⁽¹⁵⁾ as fundamental stakeholders in development. To this end, specific funding lines should be set up.

5.5 Furthermore, EU development policy should promote a legal framework in recipient countries which will enable civil society organisations to become involved in their country's development: making financial resources available for capacity building, consolidating arrangements for ongoing participation and dialogue, setting up procedures for consulting these organisations at all stages of national and regional indicative programmes, and disseminating good practice. European organisations should equally be consulted on EU-supported actions.

5.6 To date, only the ACP countries recognise formal involvement of CSO actors at all stages of development cooperation. This obligation, set out in the Cotonou Agreement, does not exist in cooperation with other regions, where only informal consultation takes place⁽¹⁶⁾. The EESC calls for any future EU development policy to extend this initiative to other regions, establishing formal mechanisms for involving civil society organisations in planning, implementing and evaluating development policies.

⁽¹⁵⁾ The EESC is aware of the importance of the representativeness of civil society organisations, and the issue is being studied by a subcommittee. The Cotonou ACP-EC agreement contains various eligibility criteria for non-governmental organisations, in this case for access to EDF resources. Similarly, the EESC opinion on Organised civil society and European governance: the Committee's contribution to the drafting of the White Paper lists the representativeness criteria for European civil society organisations.

⁽¹⁶⁾ For example, the civil society forums organised by DG RELEX on relations between the EU and Andean Community, Central America, Mexico and Mercosur.

5.7 The Cotonou Agreement offers a unique opportunity to non-state actors to access a percentage of the EU funds allocated to each country (EDF funds for the National and Regional Indicative Programmes). The aim of these funds is to strengthen the capacity of civil society and enable it to become actively involved in implementing regional or national strategies to alleviate poverty.

The EESC calls for the civil society consultation model to be employed in the EU's relations with other regions, such as Latin America and the Euro-Mediterranean Partnership countries.

5.8 Furthermore, this review of EU development policy must strive to ensure that rights to participate are not only recognised but also implemented. In practice, there are serious loopholes in the implementation of what has been agreed, which makes it difficult for CSO representatives to fully understand the agreements and for effective consultation to take place. Criteria for the representativeness of civil society organisations also need to be defined and obstacles to access to Community funding removed.

5.9 Establishing stable and democratic frameworks for labour relations is key to promoting the objective of decent employment. It is also, however, the cornerstone of economic development. The EESC therefore considers that promoting balanced social dialogue should be made an objective of European development policy. Given the wealth of European experience in this field, the EESC considers that European unions and employers' organisations must be involved in this task.

5.10 Businesses must play a more proactive role in making sustainable development possible, as acknowledged by the OECD in its codes of conduct for multinational enterprises⁽¹⁷⁾. EU development policy should, the EESC believes, contribute to encouraging Corporate Social Responsibility, particularly in those countries to which it gives aid. The EESC, as expressed in previous statements⁽¹⁸⁾, believes that if businesses act in countries benefiting from aid at least in the same way that they (generally) do in Europe, in accordance with the same labour, social and environmental criteria, they will be making a major contribution to the economic and social development of those countries.

5.11 Development policy can only remain successful and grow if it enjoys adequate backing from society as a whole.

⁽¹⁷⁾ OECD Guidelines for Multinational Enterprises, OECD 2000.

⁽¹⁸⁾ EESC opinions on the Green Paper on Promoting a European framework for corporate social responsibility (OJ C 125 of 27.2.2002) and the Communication from the Commission on the Social Agenda (OJ C 294 of 25.11.2005).

The EESC considers that a substantial effort is required to raise people's awareness about development aid. The emergence of a degree of 'global citizen's consciousness', which is evident primarily in environmental issues, should be consolidated and extended to the issues of poverty, inequality and world public assets. The EESC believes that schools, the media and, of course, civil society organisations must be involved in this task. The EESC would be happy to act as an instrument for furthering this policy, in cooperation with the European institutions.

6. Priorities: concentration and differentiation in EU development policy

6.1 In order to ensure that aid is more effective and has a greater impact, it would appear reasonable to concentrate on certain sectors to which the EU can bring greater added value or where this is something that other donors cannot provide. Nevertheless, experience tells us that it is difficult and sometimes inappropriate to set such priorities or to determine in advance what the Community added value might be. At all events, country programming should be used as an instrument for negotiations between partners. Poverty Reduction Strategy Papers (PRSP) should be the cornerstone of this work.

6.2 The EESC is of the view that the motives underpinning development policy must be political as well as ethical: unless today's inequalities are remedied, globalisation will not work. We therefore believe that EU development policy cannot simply aim to solve the problems of underdevelopment. Part of the added value that the EU should provide is its action on global multi-sectoral strategic objectives, such as health (including reproductive health), education, gender equality, environmental protection, the creation of productive enterprises and employment, and decent jobs. Crucial to this is providing development cooperation with additional financial resources from new funding instruments.

6.3 Community cooperation has, since its inception, been highly concentrated in geographical terms, which becomes extremely complex where the ACP countries are concerned, as demonstrated by the Cotonou Agreement. The experience of the successive Lomé and Cotonou Conventions should benefit other regions, particularly in Asia, or countries that are committed to achieving the MDGs. Consequently, there is a need to promote more flexible, permanent and structured mechanisms with other parts of the world receiving Community aid; they must go beyond the traditional pattern of summits and agreements and provide a more strategic vision of cooperation. Furthermore, Community aid should reach all poor countries.

6.4 The EESC shares the desire to make sub-Saharan Africa a priority zone for EU development aid. Nevertheless, to be effective, this project must be matched by better governance in Africa, at both national and regional level, which involves African Inter-State organisations, States and civil society organisations. The latter, because they are independent, close to the people and are able to react, can ensure that the citizens take genuine responsibility for the development policies that affect them directly.

6.5 Accordingly, the EESC proposes that it should be made easier for African CSOs to access Community funding, guaranteeing them direct access at national level. A horizontal programme to fund non-State actors should also be put in place and civil society should be increasingly and systematically involved in drawing up and implementing cooperation policies and strategies.

6.6 To ensure that economic development benefits as many people as possible and does not lead to abuses, the EESC would like EU development aid activities to take account of the principles of social cohesion and decent employment for all. These principles will be better protected if genuine social dialogue takes place and, more generally, dialogue with organisations representing civil society. To this end, the EESC will work together, as recommended in the Commission Communication⁽¹⁹⁾, with the African Economic, Social and Cultural Committee, exchanging experiences and knowledge in the relevant spheres.

6.7 Community development policy must pay greater attention to middle-income countries which nonetheless face major domestic problems of poverty and inequality. We should thus focus on the constant decrease in the percentages of EU aid to Latin America, the region in which the greatest inequalities can be seen and where middle-income countries, such as Brazil, Uruguay and Mexico, have vast pockets of poverty. A system of indicators should be set up in order to monitor the situation in countries like these. The EESC calls on the EU to attach greater priority to Latin America in its development policy.

6.8 We welcome the Commission proposal to create specific measures for transitional situations, which will make it easier to develop the links between aid, reconstruction and development, adapting to the reality of changing situations and fragile States, allowing for differences where appropriate. By the same token, we would have to strengthen the preventive and early-warning components for cooperation in such situations.

⁽¹⁹⁾ Speeding up progress towards the Millennium Development Goals (COM (2005) 132 final).

7. Funding

7.1 The Union has given a commitment to achieving at least what was agreed at Monterrey and all the indications are that this commitment needs to be stepped up if the MDGs are to be achieved. The Barcelona European Council of March 2002 agreed to increase Official Development Assistance (ODA) to 0.39 % of GDP in 2006 which, whilst appearing to be a significant commitment in comparison to the current average of 0.22 %, is far from the level EU Member States provided in 1990, which stood at 0.44 %. The Council of 23-24 May 2005 sets new, more demanding targets and gives a commitment to ensuring that the EU average reaches 0.56 % of GDP by 2010 and the package also differentiates between the 15 old Member States and the 10 new ones. It seems clear, however, that an ongoing and sustained commitment is needed if the MDGs are to be achieved.

7.2 The commitment made by the G8 countries in July 2005 regarding the writing-off of the entire multilateral debt of the world's 18 poorest countries is a significant step forward, which must be supported. We will have to wait until this is definitely confirmed and, as announced, to see whether a further 20 countries will benefit from similar measures. The EESC believes that these measures should be extended to cover all least-developed countries and should be funded with genuinely additional resources and not simply by redirecting funds intended for public development aid.

7.3 As a consequence of this, the Financial Perspectives for 2007-2013 will need to find a clearer and more specific way of incorporating the necessary financial commitments to reach the MDGs.

7.4 The ways of funding development have changed over time, gradually adjusting to the necessary ownership by the partners. Community cooperation must make progress on long-term predictability, and on multiannual planning mechanisms which minimise the detrimental effects that changes to budget allocations and aid 'volatility' can have.

7.5 The need for aid that is predictable and stable conflicts with the principle of national budgets being adjusted annually. This is one of the reasons underpinning the need for additional sources of funding. The other fundamental reason is the need to secure additional funds for development, to be added to the traditional sources of financing. The lack of agreement between the Member States on new sources of additional funding to complement (ODA), as a means of channelling new resources into achieving the MDGs, is delaying their implementation. There are basically two possible innovations for additional mechanisms for funding development aid. First, there is the International Finance Facility (IFF) and second, there is the imposition of international taxes. Apart from the difficulties of obtaining the political commitment to set these instruments in motion, in the case of the first approach, serious questions remain as to the management and use of the funds. As regards

the second approach, the main difficulty lies in achieving an international consensus on its application. The EESC considers that both mechanisms have the potential to be viable and to complement one another. It is crucial that they are set in motion, whilst at the same time ensuring that they remain genuinely additional.

7.6 Ensuring the total decoupling of aid must be an ongoing aim for development in coming years. Following the many proposals on this matter⁽²⁰⁾, the EESC urges the Council to push ahead with the Regulation on decoupling aid and ensure that the Member States follow up this issue, even going further than the DAC recommendations.

7.7 The current position of the donor countries and of EU policy in particular is geared towards reducing aid for projects and towards funding the budgets of recipient-country governments, in order to give them the means to develop their own policies. The EESC considers that this should never be done at the expense of achieving the aims for which EU aid is provided. Furthermore, this form of funding can promote the principle of ownership, provided that it does not replace old-style project monitoring with a new — political — system of setting conditions for the direction that economic and social policies should take.

7.8 Instruments for funding development must be consistent with the aims that they wish to achieve. Greater flexibility in Community cooperation appears to be necessary given the long timescales for managing the cycle of projects or actions that have to date received European aid. Furthermore, it would not be appropriate to mix instruments for general economic cooperation with those for development cooperation. Development policy is relatively independent in terms of its aims, which also requires its instruments to be tailor-made to some extent, both as regards planning and delivery mechanisms.

7.9 Flexibility is even more important where reconstruction in the wake of a war or disaster is taking place or in crisis situations where slowness and inflexibility make action totally impossible. Initiatives such as the Peace Fund for Africa are better attuned to the realities of such situations.

7.10 The EU as a whole has complied quite well with the enhanced Heavily Indebted Poor Countries (HIPC) Initiative to reduce external debt. In the short term, however, this initiative cannot solve long-term debt and debt-servicing problems, which means that alternatives must be considered. The Commission has proposed short-term measures for countries recovering from war or serious disaster, but the long-term problem remains to be solved. The EESC proposes more

proactive measures on debt, such as exchanging debt for education or social investment or looking at debt cancellation in regions affected by major disasters.

7.11 Increased concern about what are known as International Public Goods should mean that specific funding can be allocated to protect them. To this end, the EU should put together an Action Plan on the importance of protection and means of funding it, and be flexible in allocating resources. Global funds and initiatives implemented in recent years for specific cases, such as AIDS, water, vaccines, etc., appear to provide this element of flexibility, and Community support for this type of initiative — already launched by some Member States⁽²¹⁾ — should therefore continue.

7.12 As we have already stated, the EESC proposes that the specific problems facing middle-income countries which also contain pockets of poverty and where many sections of the population live in destitution must be incorporated into EU development strategy; although the appropriate forms of aid in this case are loans or other combined forms of aid rather than just non-repayable aid. In these cases, the parameters must complement the MDGs by setting social cohesion as an objective⁽²²⁾, in line with the EU-Latin America and Caribbean Summit held in Guadalajara in 2004. Achieving social cohesion requires, amongst other things, the reform of budget management and a progressive tax system.

8. Proposals

8.1 The EESC believes that combating poverty must be a key factor in EU initiatives for fairer, safer and more ecologically responsible globalisation. It must therefore be the logical extension of its internal model for economic development and social harmony⁽²³⁾.

8.2 The EESC considers that EU development policy must play a key role both in disseminating the EU's fundamental values and preventing the adverse consequences of poverty and inequality (insecurity, draining of natural resources, uncontrolled migration). The EESC therefore proposes that EU development policy have equivalent status to security policy.

⁽²⁰⁾ See OJ C 157 of 28.6.2005 on the *Proposal for a Regulation of the European Parliament and of the Council on the access to Community External Assistance*.

⁽²¹⁾ The European Commission draw up a study on the issue of additional funding for development in April 2005: *Commission Staff Working Paper, New Sources of Financing for Development: A Review of Options (SEC(2005) 467)* and a Communication on *Accelerating Progress Towards achieving the MDG. Financing for Development and Aid Effectiveness COM(2005) 133 final*. These set out various initiatives and Member States' positions on these. Although the positions are not definitive, some Member States have already adopted more proactive stances on these new sources of financing from global funds.

⁽²²⁾ See OJ C 112 of 30.4.2004 on Social Cohesion in Latin America and the Caribbean.

⁽²³⁾ In this regard, see the opinion currently being drawn up in the EESC on *External action of the Union: the role of organised civil society* (Rapporteur: Mr Koryfidis – OJ C 74 of 23.3.2005).

8.3 In view of the above, the EESC believes that, in the new context of globalisation, the promotion of the European social model (social regulation, arrangements for reaching agreement between the social partners, universal social protection systems) should form a central pillar of EU development policy.

8.4 The EESC considers that the reduction of tariff barriers for exports from developing countries and of subsidies (including subsidies for farming) linked to export prices could help ⁽²⁴⁾ to reduce poverty, even if the short-term effects are ambivalent (given that developing countries that are net importers might be affected by price increases). Likewise, it calls for the reform of the agreement on trade-related intellectual property. The EESC therefore recommends that the opening-up of trade in the developing countries be geared towards their gradual integration into the world markets, and be accompanied by programmes for structural reinforcement in these countries.

8.5 The EESC proposes that the Association Agreements between the EU and various countries and regions in the world incorporate a social dimension which should include, at the very least, promoting decent work, developing public and private social protection systems, and fully respecting the employment rights enshrined in the ILO fundamental conventions. The EESC also proposes that these Agreements include mechanisms for the involvement of organised civil society.

8.6 Decent work, as defined by the International Labour Organisation (ILO), is an essential factor in eradicating poverty and improving social cohesion. The EESC therefore proposes that decent work be made the 9th Millennium Development Goal.

8.7 The defence of human rights is one of the cornerstones of EU development policy. Hence the EESC proposes that the policy incorporate measures geared towards protecting defenders of human rights, including human rights in the workplace, in the regions with which there is cooperation.

8.8 The EESC considers that an environmental dimension should be added as an indicator of effectiveness in the implementation of development strategies. It also believes that carrying out environmental impact studies should be made a prerequisite for projects and actions of a certain scale.

8.9 The EESC believes that EU development policy should contribute to the integration of migratory flows, including regularisation and rights. Likewise, it should favour a policy of co-development with the countries of origin by compensating

for the brain drain, eliminating obstacles to the transfer of remittances from migrants, and helping migrants to return in order to set up productive businesses. At all events, migration policies must not become a new source of conditionality in development policy.

8.10 The EESC calls for all EU policies to be consistent with the development strategy, and for the development policy to be independent and specific in relation to other policies. The EESC believes that it is increasingly important to harmonise the development policies of the Community and of Member States. A joint European platform or agenda must therefore be set up for the European development policy, setting out timeframes and monitoring systems for Member States. The EESC also supports the participation of Member States and the EU in multilateral forums, with common positions. The EESC supports the Commission's position on the need for a Europe-level development policy that involves both the Member States and the Commission itself.

8.11 The eradication of poverty requires, among other things, a different distribution of power and opportunities. In order to achieve this goal, it is essential to consolidate the institutions of a social and democratic state governed by the rule of law. It also requires the strengthening of civil society organisations. The EESC therefore proposes drawing up budget headings devoted to the achievement of this goal.

8.12 Following the example of EU-ACP relations, the EESC calls upon the European Commission, Council and European Parliament to support the extension of the EESC's role in relations with ACP economic and social interest groups to other regions, such as Latin America and the Euro-Mediterranean countries. The EESC calls on the political partners to endorse the following: political mandate and financial resources to allow for the participation of economic and social interest groups; institutional recognition of civil society dialogue and the formal and regular participation of civil society in the monitoring of association agreements, summits, joint parliamentary committees, and the policies relevant to civil society, such as social cohesion and decent work; support to the EESC to promote both the consultative function and social dialogue, in collaboration with the ILO and other international organisations. Within this context, the EESC asks the European Commission, Council and European Parliament to support a specific reference to the EESC in point 2.2 of the Joint Declaration on the EU Development Policy, as an effective and necessary facilitator of dialogue with local economic and social interest groups.

8.13 The EESC believes that the promotion of stable and democratic frameworks for labour relations and social dialogue and the encouragement of corporate social responsibility are essential objectives of the EU development policy.

⁽²⁴⁾ According to studies carried out by various international institutions, the impact of the reductions in export subsidies on the economies of developing countries is difficult to evaluate since this varies according to the specific situation of each country and the structure of its trade.

8.14 The EESC believes that the added value of Community action should be geared towards global multi-sectoral strategic objectives. It also shares the desire to make sub-Saharan Africa a priority, as long as the conditions are established for improved governance in this area. The EESC also calls for Community aid to reach all poor countries.

8.15 The EESC considers that EU development policy should pay greater attention to middle-income countries which face major domestic problems of poverty and inequality. This definition includes certain Latin American countries with which the EU is aiming to set up a strategic partnership, along with some Asian countries.

8.16 The EESC proposes that the debt cancellation measures approved by the G8 countries be extended to cover all poor countries and be funded with genuinely additional resources.

8.17 The EESC believes that the implementation of additional sources of funding is necessary in order to achieve the development objectives and preserve world public assets. It believes that both the International Finance Facility (IFF) and the imposition of dedicated international taxes— which, in order

to be effective, will have to obtain a broad political consensus — could be viable and could complement one another.

8.18 The EESC believes that the decoupling of aid must be one of the central aims of the EU development strategy. It urges the Council to push ahead with the Regulation on decoupling aid, even going further than the recommendations of the Development Assistance Committee (DAC).

8.19 The EESC proposes using new debt exchange measures, such as those focusing on education or social investment (return of migrants, strengthening of social organisations, etc.).

8.20 Achieving greater efficiency in aid remains a challenge for all those involved. The EESC considers that efforts should be pursued and extended in order to meet the development objectives more effectively.

8.21 The EESC believes that it is essential to set up a policy designed to increase backing from society for the development policy and raise awareness among citizens worldwide. The EESC would be happy to act as an instrument for furthering this policy, in cooperation with the European institutions.

Brussels, 29 September 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND
