

The European Community's Development Policy

- Statement by the Council and the Commission

1. The question of development is even more crucial today than ever. In sub-Saharan Africa and southern Asia, over 40% of the population are still living below the poverty line: throughout the world, 800 million people, 200 million of them children, are suffering from chronic malnutrition. The school attendance ratio in the world's forty eight least developed countries is only 36%. The major communicable diseases, such as HIV/AIDS, malaria and tuberculosis, are disproportionately rife among the poor peoples of the developing countries. Globalisation, which involves in particular a steady rise in trade and private investment flows, offers some opportunities but also entails the risk of marginalisation. The debt burden often leaves developing countries no room for manoeuvre. The increasing inequality gap is proof that growth and certain forms of aid are not always enough in themselves to remedy the situation. Poverty, and the exclusion which it creates, are the root causes of conflict and are endangering the stability and security of too many countries and regions.

2. The European Union provides approximately half of all public aid to the developing countries and is their main trading partner in many cases. Its activity covers all the regions of the world. This effort reflects the essential solidarity which is an underlying feature of its international activity. The exercise of such solidarity must be seen as a major political challenge. In accordance with the principles upon which it is based, the Union needs to put this message across in every forum and ensure that it is disseminated, particularly in the other industrialised countries.

3. The Community has become a major player in the development process. The increase in the number of its external partners, the introduction of new instruments and increased financial resources have reinforced the need to define a clear and consistent strategy. The international development aims, as defined in particular in the DAC and the OECD, the results of major international conferences and the principles enshrined in the Treaty establishing the Community form the basis of that strategy, which is designed to cover all developing countries which have cooperation and partnership links with the Community. This is one of the principal recommendations adopted by the Council in its May 1999 conclusions on the evaluation of Community aid. This exercise takes place in the framework of the debate on increasing the effectiveness of external Union action and of the reform undertaken by the Commission to improve its management of the programmes involved.

4. In its communication of 26 April 2000, the Commission proposed new guidelines for the Community's development policy. The Council considers this contribution the starting-point for a process of renewal which it hopes to pursue in close consultation with the European Parliament and in a spirit of dialogue with both the developing countries and representatives of civil society. The results of this process will depend on the determination with which all concerned parties set about their task. Its success will determine the European Union's credibility on the international stage.

5. In this context, it is important that full advantage be taken of the innovatory approach resulting from the partnership agreement signed with the ACP countries in Cotonou on 23 June 2000. The implementation of this agreement provides the Community with a prime opportunity for an overhaul of its policy, thanks to a strong relationship combining political dialogue, trade and development aid. The overall nature of such an approach is an asset for the Community which it must seek to develop.

I. Principles and objectives of Community development policy

6. Community development policy is grounded on the principle of sustainable, equitable and participatory human and social development. Promotion of human rights, democracy, the rule of law and good governance are an integral part of it.

Community policy objectives

7. The main objective of Community development policy must be to reduce and, eventually, to eradicate poverty. This objective entails support for sustainable economic and social and environmental development, promotion of the gradual integration of the developing countries into the world economy and a determination to combat inequality.

Ways of combating poverty

8. Poverty is defined not simply as the lack of income and financial resources but also as encompassing the notion of vulnerability and such factors as no access to adequate food supplies, education and health, natural resources and drinking water, land, employment and credit facilities, information and political involvement, services and infrastructure. All of these are needed to enable disadvantaged peoples to have control over their development, enjoy equality of opportunity and live in a safer environment. Community development policy must, therefore, support poverty reduction strategies which embrace these various dimensions and are aimed at consolidating the democratic process, peace and the prevention of conflict, the development of social policies, the integration of social and environmental aims in macro-economic reform programmes, respect for equality between men and women, the reform or introduction of an appropriate institutional framework, the strengthening of public and private sector capabilities and natural disaster preparedness.

9. However, sustained growth, although not sufficient in itself, is an essential prerequisite for poverty reduction. The integration of the developing countries, in particular the least developed among them, into the world economy is a precondition for their growth and sustainable economic and social development. It is also important to prevent developing countries from becoming further marginalised through their non-involvement in the emergence of a world-scale information society. The Union's various means of action available under poverty reduction strategies should, therefore, be coordinated so as to cover the economic, trade, political, institutional, social, cultural and environmental aspects of development.

10. Notwithstanding its role in the wider framework of the Union's external action, development policy must reflect a breakdown of resources which takes account of the effect of such resources on poverty reduction. Consequently, particular attention must be paid to the situation of the least developed and other low-income countries as part of an approach which also encompasses the efforts by the governments of the partner countries to reduce poverty as well as their performance and their absorption capacity. Among the of middle-income countries, encouragement and attention should be concentrated on those in which the proportion of poor people continues to be high and which are fully committed to implementing coherent poverty-reduction strategies.

Primacy of the role of the developing countries

11. Ownership of their strategies by the partner countries is the key to the success of development policies. With that in mind, the most wide-ranging participation of all segments of society should be encouraged in order to create conditions for greater equity, for the participation of the poorest in the fruits of growth and for the strengthening of the democratic system. Commitments entered into by developing countries and industrialised countries at major United Nations conferences form a common frame of reference for a mode of development centred on social and human aspects and on the sustainable management of natural resources and the environment. On the basis of those elements, the European Union attaches prime importance to the quality of the dialogue with the partner countries. That dialogue should make it possible to ensure coherence between the policies pursued by the country and Community support operations. It should also deal with conditions for efficient cooperation, directed in particular towards capacity-building in the partner country and good governance, with a view to ensuring transparent and responsible management of all the resources devoted to development. Those parameters should be taken into account in the distribution of development aid in order to allocate it to where it has the greatest chance of reducing poverty efficiently and sustainably.

II. Towards the refocusing of Community activities in a more limited number of areas

12. In the furtherance of these aims and principles, the necessary means should be sought to maximise the impact of Community development policy. To that end, priorities for action need to be defined and more precise sectoral strategies need to be drawn up. In the light of the human resources available to the Commission, there is also a need to concentrate Community activities in a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value.

13. In its communication to the Council, the Commission has drawn up a list of six areas clearly meeting these criteria: link between trade and development; support for regional integration and cooperation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law.

The Council approves these choices and makes the following comments:

Link between trade and development

14. As a leading player in the area of trade and development aid, the Community has a role to perform in ensuring that a link is established between these two areas. It is the task of the Community to ensure that development policies and trade and investment policies are complementary and mutually beneficial. The reform of trade policies introduced by the developing countries must be compatible with their own objectives and development strategies and must enjoy increased and more consistent international support. The liberalisation of trade and investment in the developing countries must proceed at a pace which is consistent with their fragile economies and must set out to maximise the dynamic long-term effect on society, while minimising adjustment costs. Preferential access to the markets of the developed countries is a further contributory factor in the process of economic development and integration of the developing countries, and in the first instance the least developed among them, into the world economy. The Community has undertaken to improve market access for those countries. However, improved access is not enough. Other factors also need to be considered: supply and competitive constraints, the ability of the developing countries to benefit from the opening up of the market, enhanced cooperation in trade-linked areas, technology transfers, access to information and to world networks, investment promotion strategies and private sector development. Coverage of all these aspects calls for the appropriate level of support. Financial support will naturally have to be accompanied by enhanced investment and trading security. all in all, the objective is to help our partners to benefit from globalisation, to manage the impact of that process and to minimise its negative effects.

Regional integration and cooperation

15. Regional integration and cooperation contribute to the integration of the developing countries into the world economy and play a decisive role in consolidating peace and preventing conflict. They alone enable the countries involved to face cross-border challenges, in particular in the field of the environment and the use and management of natural resources. In the light of its experience and of the instruments at its disposal, the Community is in a position to support efforts in this direction by the developing countries.

Support for macro-economic policies and promotion of equitable access to social services

16. The Union's political and financial weight enables it to participate, in consultation with the Bretton Woods institutions, in improving the macro-economic framework of the partner countries. The policy in this area is a decisive factor in ensuring, in the context of tight and efficient public finance management, a fair distribution of the fruits of growth and access to basic social services such as education and health, and in encouraging the emergence of an investment-friendly environment. Macro-economic reforms can have sustainable effects only if they fully embrace the objectives of social, human development. This area of cooperation also has its place in the implementation of the heavily indebted poor countries initiative (HIPC), in which the Community, alongside the Member States, has made a major contribution as creditor and, especially, as donor.

The emphasis on social sectors is consistent with the approach developed in the poverty reduction strategy papers (PRSP) which form an integral part of this initiative. In line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services. Such support will take the form of sectoral programmes and will be based on a dialogue with all the partners.

Transport

17. The Community has acquired unparalleled experience in the construction and maintenance of transport infrastructure, for which it has the financial standing to mobilise the large-scale investment required. Efficient transport systems are in fact essential to economic and social development and to access to the basic social services. The involvement of partner countries is a condition of the sustainability of these efforts.

Food security and sustainable rural development

18. Sustainable rural development and food security are an important component of the anti-poverty strategies of the Community, which subscribes to the undertakings entered into at the World Food Summit and remains a major partner under the London Food Aid Convention. Community action must develop in the light of the ongoing discussions on the relationship between food security as an objective which contributes to reducing poverty and food aid as an instrument of humanitarian aid. A closer link will also need to be sought between food security policy and humanitarian aid in the context of the link between emergency and development. As regards rural development, efficiency and sustainability can be assured only through long-term strategies prepared and implemented on a participatory basis which make it possible to reflect the priorities of the rural world in general and sectoral policies. The Community has acquired considerable experience in those areas.

Institutional capacity-building

19. Democratic institutions which work are a condition of sustainable development. Good governance, which includes the fight against corruption, and the rule of law are decisive in strategies to reduce poverty. In that connection, the Community is especially well placed to support the strengthening of the partner countries' institutional capacities. Community action is more neutral than action by the Member States, which have their own history and are bound by a specific legal system. Community solidarity and the Community's integrated approach to cooperation are undoubtedly major assets. Resources will need to be deployed in all areas of aid focus, in particular trade, economic policies, the social sectors and regional integration.

Horizontal aspects

20. At every stage of execution of the activities previously reviewed, the Community also needs to mainstream cross-cutting concerns comprising the promotion of human rights, equality between men and women, children's rights and the environmental dimension. Protection of the environment must be included in the definition and implementation of all Community policies, particularly in order to promote sustainable development. To this end, environmental issues should be systematically incorporated into the Community's development instruments.

Those cross-cutting topics are at once objectives in themselves and vital factors in strengthening the impact and sustainability of cooperation. Reference texts adopted in the framework of the United Nations or in the Community are available in this context. Conflict prevention and crisis management require systematic attention in view of the serious implications for the developing countries concerned.

Other aspects

21. In view of the global dimension of the problem and the gravity of the communicable disease situation and its impact on poverty, accelerated action by the Community and its Member States in this field, targeting its various dimensions, must be considered an absolute necessity.

22. Developments in information and communications technologies offer developing countries many opportunities, particularly for the upswing of the private sector. Efforts must be made to

prevent those technologies from becoming a new marginalisation factor. The Community and its Member States must make their contribution, by rapidly examining the approach they might adopt for this purpose. Finally, the Community must continue to promote research in developing countries.

III. What methods are required to ensure more effective and efficient cooperation?

23. The Council's first objective in recognising the need to clarify the strategic thrust of Community development policy was to step up the impact and efficiency of Community aid. To that end, a closer link with other common policies and with Member States' activities is a necessity.

Reform of external aid

24. The Commission has initiated a reshaping of its external aid management for which it is primarily responsible. In particular, it has undertaken to strengthen the programming process, establishing a quality support group to ensure the consistency of strategies defined for all the developing countries and introducing a process of deconcentration and decentralisation intended to bring decision-making closer to partner countries. Simplification of the Financial Regulation and increased human resources, particularly within the delegations, are also necessary. The Council welcomes this commitment to reform and supports the Commission in the swift implementation of its proposals. In so doing, the Commission will need to safeguard the Community's operational capacity and increase it in the long term.

25. This approach must have implications for Community aid instruments. The introduction of rolling programming conducive to the coverage of the needs and performance of the beneficiary countries and their development in time and increased recourse to sectoral support and to direct budgetary aid where the conditions so allow and where subsequent monitoring may be introduced are likely to help to lead to more efficient management and a more efficient allocation of resources. The new ACP-EC partnership procedures may be regarded as exemplary in this respect.

26. Furthermore, the Community needs to learn more from the lessons of the past and to develop an approach based on results. It is necessary to step up the appraisal function and base it on the principle of independence. The lessons learned from the results of appraisal must be taken into account in the planning of new programmes and projects.

27. The link between development cooperation and humanitarian aid is a matter of cardinal importance, determining as it does the capacity of the Union to tailor its cooperation to the changing needs of countries beset by conflict or natural disaster. A continuum between urgency, rehabilitation and development needs to be sought.

28. The refocusing of management committee tasks in the direction of the strategic aspects of cooperation has been initiated, with the aim of streamlining procedures. Such a measure will enable the Member States to focus their attention on policies, country-by-country programming, sectoral strategies and topics requiring European coordination upstream of international discussions. It will, of course, be necessary to see that maximum possible transparency is maintained and that close consultation takes place on individual projects, in particular through operational coordination.

Coordination

29. The Treaty establishing the European Community provides that the Community and the Member States shall coordinate their development cooperation policies and consult each other on their aid programmes, including in international organisations and during international conferences. The possibility of joint action and a contribution by Member States towards Community aid programme implementation are also mentioned.

30. Increased coordination within the Union offers great scope for increasing aid efficiency. Greater knowledge of the measures undertaken by the Community and by its Member States is a precondition for deriving the greatest benefit from aid. Reciprocal information exchanges must, therefore, be encouraged so that the Union has the tools enabling it to have a general overview of

its effort that encompasses all the instruments used.

31. Special emphasis also needs to be placed on stepping up coordination between Member State and Commission representations on the ground in the closest possible liaison with the partner country at every stage in the Community programme formulation, implementation and evaluation process, making good use of country strategy papers. This is consistent with the process of deconcentration and decentralisation which the Community wishes to implement.

32. The dialogue with other donors, in particular the Bretton Woods institutions and United Nations agencies, also needs to be improved. In addition, the Union should ensure that it encourages the partner country in its primary coordinating role, at the service of the development strategies which the partner country has itself defined. Harmonisation of its procedures is necessary to that end. The Community will also encourage the partner country in its leading role in coordinating the collective efforts of all the donors under initiatives such as the Comprehensive Development Framework.

33. Finally, the Union must be consistent in its statements and must whenever possible speak with one voice in international fora, in order to make a stronger case for its development policy and exert a greater influence on the emergence of international consensus in this field. Its credibility and the consistency of its actions are at stake here.

34. All in all, increased coordination within the Union will enhance the visibility of European aid, for the benefit of the partner countries. It is less a question of flagwaving than of strengthening the capacity of the Union to influence events so that its effort provides a sufficient lever for its objectives to be attained. Greater effectiveness and a greater impact are key factors for increased visibility.

Complementarity

35. Strengthening complementarity is a response to the need for a better division of labour between the Community and the Member States. No donor can lay claim to excellence in every country and in every sector of cooperation. It is, therefore, important that the experience gained by the Community and its Member States be put to profitable use and that on a case-by-case basis the allocation of tasks be in keeping with the primary role falling to the partner country and take account of each party's comparative advantages.

36. Likewise, relations with the Bretton Woods institutions and the United Nations agencies and other donors are of great importance. Fund providers must be increasingly able to share their experiences and their analyses, particularly when they implement sectoral approaches.

37. The concentration of Community activities in a more limited number of sectors is wholly consistent with this approach. The possibility of delegating Community appropriation management to the Member States or to their operating agencies in the case of co-financing operations, as laid down in the internal agreement on the 9th EDF, will be a further contributory factor. The preparation of country strategy papers provides a special opportunity for promoting complementarity.

38. The contribution made by a broad spectrum of participants from civil society to Community policy is already recognised in the framework of the new partnership with the ACP countries. Implementation of an approach that encourages greater participation by non-governmental organisations, economic operators, social partners and the private sector must be encouraged in the context of the Union's relations with the rest of the world. It is of quite particular importance to reinforce the partnership with the NGOs, both in Europe and in the developing countries and to support capacity-building among non-State players in the partner countries in order to facilitate their participation in the dialogue on strategies and in the implementation of cooperation programmes.

Coherence

39. There must be greater coherence between the various Community policies focused on sustainable development. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies

affecting the developing countries. The way to achieve this is to make a systematic and thorough analysis of any indirect effects of measures in especially sensitive areas and to take development problems into account in the Commission decision-making process.

IV. Implementation and follow-up

40. The clarification of Community development policy in the context of a declaration is meaningful only if it can be quickly acted upon. It is, therefore, important to state clearly the operational content of the objectives, principles and methods reviewed above.

41. Accordingly, it is essential that the Commission prepare an action programme based on results.

42. The implementation of the new approach has to be seen as a process which brings long-term changes, requiring considerable political will and the maintenance of a climate of trust. Regular follow-up will enable the Community to verify the results achieved and, if necessary, to proceed with the adjustments inherent in an ongoing process.

43. An assessment of the implementation of the general policy declaration and of the action programme will need to be compiled regularly. With that in view, the Commission is requested to submit to the Council and to the European Parliament an annual report on Community development policy, containing in particular qualitative aspects. An evaluation of that policy will need to be considered at the appropriate time.

44. In order to make public opinion aware of the challenges and objectives of European solidarity in respect of the developing countries, the widest possible publicity will need to be given to this declaration. The Council and the Commission will take the necessary steps, encouraging development education in particular.

Summary

The European Union is a major player in the development sphere. It is the source of approximately half of the public aid effort worldwide and is the main trading partner for many developing countries. This declaration expresses the Council's and the Commission's intent to reaffirm the Community's solidarity with those countries, in the framework of a partnership which respects human rights, democratic principles, the rule of law and the sound management of public affairs, and to begin the process of renewing its development policy based on the search for increased effectiveness in liaison with other international players in the development sphere, and on the involvement of its own citizens.

The principal aim of the Community's development policy is to reduce poverty with a view to its eventual eradication.

Poverty, which includes the concept of vulnerability, results from many factors. The Community is therefore determined to support poverty reduction strategies which integrate these many dimensions and are based on the analysis of constraints and opportunities in individual developing countries. These strategies must contribute to strengthening democracy, to the consolidation of peace and the prevention of conflict, to gradual integration into the world economy, to more awareness of the social and environmental aspects with a view to sustainable development, to equality between men and women and to public and private capacity-building. These aspects must be taken on board by the partner countries and included in dialogue between the State and civil society.

The Community will concentrate on six areas which have been identified on the basis of the added value of Community action and of their contribution to poverty reduction: the link between trade and development; regional integration and cooperation; support for macro-economic policies and the promotion of equitable access to social services; transport; food security and sustainable rural development; and institutional capacity-building. Attention will consistently be given to human rights, to the environmental dimension, to equality between men and women and to good governance.

The Community's development policy concerns all developing countries. As regards the allocation of resources, the least developed countries and low-income countries will be given

priority, in an approach which will take account of their efforts to reduce poverty, their needs, their performance and their capacity to absorb aid. Poverty reduction strategies will also be encouraged in middle-income countries where the proportion of poor people remains high.

The Community and its Member States will coordinate their policies and programmes in order to maximise their impact. Better complementarity will be sought both within the Union and with other donors, in particular in the context of country-by-country strategies. To ensure consistency, the objectives of Community development policy will be taken into greater account in the conduct of other common policies.

The Council supports the Commission in its efforts to manage the Community's external aid more effectively. Particular roles are played by the current restructuring of the Commission's departments, by the more important place being afforded to programming, by the orientation of programmes towards results, by the development of an appraisal culture, by beginning the process

of deconcentration and decentralisation, and by refocusing management committee tasks towards the strategic aspects of cooperation. The simplification of the Financial Regulation and a better allocation of human resources, as requested by the Commission, must be encouraged.

This declaration on the Community's development policy is to be accompanied by a Commission action plan which will define its implementation in practice. This will be subject to constant monitoring, in particular by means of the presentation of an annual report.