



**JOINT STATEMENT BY THE COUNCIL AND THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES MEETING WITHIN THE COUNCIL, THE EUROPEAN PARLIAMENT AND THE COMMISSION**

**‘THE EUROPEAN CONSENSUS ON DEVELOPMENT’**

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## THE EUROPEAN CONSENSUS ON DEVELOPMENT

### The development challenge

1. Never before have poverty eradication and sustainable development been more important. The context within which poverty eradication is pursued is an increasingly globalised and interdependent world; this situation has created new opportunities but also new challenges. Combating global poverty is not only a moral obligation; it will also help to build a more stable, peaceful, prosperous and equitable world, reflecting the interdependency of its richer and poorer countries. In such a world, we would not allow 1,200 children to die of poverty every hour, or stand by while 1 billion people are struggling to survive on less than one dollar a day and HIV/AIDS, TB and malaria claim the lives of more than 6 million people every year. Development policy is at the heart of the EU's<sup>1</sup> relations with all developing countries<sup>2</sup>.

2. Development cooperation is a shared competence<sup>3</sup> between the European Community<sup>3</sup> and the Member States. Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States. Developing countries have the prime responsibility for their own development. But developed countries have a responsibility too. The EU, both at its Member States and Community levels, is committed to meeting its responsibilities. Working together, the EU is an important force for positive change. The EU provides over half of the world's aid and has committed to increase this assistance, together with its quality and effectiveness. The EU is also the most important economic and trade partner for developing countries, offering specific trading benefits to developing countries, mainly to the LDCs among them.

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<sup>1</sup> The EU includes both Member States and the European Community.

<sup>2</sup> Developing countries are all those in the list of Official Development Assistance (ODA) recipients, due to be decided by OECD/DAC in April 2006.

<sup>3</sup> Community development cooperation is based on Articles 177 to 181 of the Treaty of the European Community.

3. The Member States and the Community are equally committed to basic principles, fundamental values and the development objectives agreed at the multilateral level. Our efforts at coordination and harmonisation must contribute to increasing aid effectiveness. To this end, and building on the progress made in recent years, the ‘European Consensus on Development’ provides, for the first time, a common vision that guides the action of the EU, both at its Member States and Community levels, in development co-operation. This common vision is the subject of the first part of the Statement; the second part sets out the European Community Development Policy to guide implementation of this vision at the Community level and further specifies priorities for concrete action at the Community level.

4. The European Consensus on Development is jointly agreed by the Council and the representatives of the governments of the Member States meeting within the Council, the European Commission and the European Parliament.

## **Part I: The EU Vision of Development**

*The first Part of the European consensus on development sets out common objectives and principles for development cooperation. It reaffirms EU commitment to poverty eradication, ownership, partnership, delivering more and better aid and promoting policy coherence for development. It will guide Community and Member State development cooperation activities in all developing countries<sup>4</sup>, in a spirit of complementarity.*

### **1. Common objectives**

5. The primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the Millennium Development Goals (MDGs).

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<sup>4</sup> Development cooperation activities of Member States are defined as ODA, as agreed by the OECD/DAC.

6. The eight MDGs are to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce the mortality rate of children; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development.

7. We reaffirm that development is a central goal by itself; and that sustainable development includes good governance, human rights and political, economic, social and environmental aspects.

8. The EU is determined to work to assist the achievement of these goals and the development objectives agreed at the major UN conferences and summits.<sup>5</sup>

9. We reaffirm our commitment to promoting policy coherence for development, based upon ensuring that the EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.

10. Development aid will continue to support poor people in all developing countries, including both low-income and middle-income countries (MICs). The EU will continue to prioritise support to the least-developed and other low-income countries (LICs) to achieve more balanced global development, while recognising the value of concentrating the aid activities of each Member State in areas and regions where they have comparative advantages and can add most value to the fight against poverty.

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<sup>5</sup> Action programmes adopted at the UN conferences of the 1990s in the social, economic, environmental, human rights, population, reproductive health and gender equality fields, and reaffirmed 2002-2005 by: Millennium Declaration and Millennium Development Goals (2000), Monterrey (2002), Johannesburg Sustainable Development (2002), Millennium Review Summit (2005).

## **2. Multi-dimensional aspects of Poverty Eradication**

11. Poverty includes all the areas in which people of either gender are deprived and perceived as incapacitated in different societies and local contexts. The core dimensions of poverty include economic, human, political, socio-cultural and protective capabilities. Poverty relates to human capabilities such as consumption and food security, health, education, rights, the ability to be heard, human security especially for the poor, dignity and decent work. Therefore combating poverty will only be successful if equal importance is given to investing in people (first and foremost in health and education and HIV/AIDS, the protection of natural resources (like forests, water, marine resources and soil) to secure rural livelihoods, and investing in wealth creation (with emphasis on issues such as entrepreneurship, job creation, access to credits, property rights and infrastructure). The empowerment of women is the key to all development and gender equality should be a core part of all policy strategies.

12. The MDG agenda and the economic, social and environmental dimensions of poverty eradication in the context of sustainable development include many development activities from democratic governance to political, economic and social reforms, conflict prevention, social justice, promoting human rights and equitable access to public services, education, culture, health, including sexual and reproductive health and rights, as set out in the ICPD Cairo Agenda, the environment and sustainable management of natural resources, pro-poor economic growth, trade and development, migration and development, food security, children's rights, gender equality and promoting social cohesion and decent work.

## **3. Common values**

13. EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice. The EU is strongly committed to effective multilateralism whereby all the world's nations share responsibility for development.

## 4. Common principles

### 4.1 *Ownership, Partnership*

14. The EU is committed to the principle of ownership of development strategies and programmes by partner countries. Developing countries have the primary responsibility for creating an enabling domestic environment for mobilising their own resources, including conducting coherent and effective policies. These principles will allow an adapted assistance, responding to the specific needs of the beneficiary country.

15. The EU and developing countries share responsibility and accountability for their joint efforts in partnership. The EU will support partner countries' poverty reduction, development and reform strategies, which focus on the MDGs, and will align with partner countries' systems and procedures. Progress indicators and regular evaluation of assistance are of key importance to better focus EU assistance.

16. The EU acknowledges the essential oversight role of democratically elected citizens' representatives. Therefore it encourages an increased involvement of national assemblies, parliaments and local authorities.

### 4.2 *An in-depth political dialogue*

17. Political dialogue is an important way in which to further development objectives. In the framework of the political dialogue conducted by the Member States and by the European Union institutions – Council, Commission and Parliament, within their respective competencies, the respect for good governance, human rights, democratic principles and the rule of law will be regularly assessed with a view to forming a shared understanding and identifying supporting measures. This dialogue has an important preventive dimension and aims to ensure these principles are upheld. It will also address the fight against corruption, the fight against illegal migration and the trafficking of human beings.

### ***4.3 Participation of civil society***

18. The EU supports the broad participation of all stakeholders in countries' development and encourages all parts of society to take part. Civil society, including economic and social partners such as trade unions, employers' organisations and the private sector, NGOs and other non-state actors of partner countries in particular play a vital role as promoters of democracy, social justice and human rights. The EU will enhance its support for building capacity of non-state actors in order to strengthen their voice in the development process and to advance political, social and economic dialogue. The important role of European civil society will be recognised as well; to that end, the EU will pay particular attention to development education and raising awareness among EU citizens.

### ***4.4 Gender equality***

19. The promotion of gender equality and women's rights is not only crucial in itself but is a fundamental human right and a question of social justice, as well as being instrumental in achieving all the MDGs and in implementing the Beijing platform for Action, the Cairo Programme of Action and Convention on the Elimination of All Forms of Discrimination Against Women. Therefore the EU will include a strong gender component in all its policies and practices in its relations with developing countries.

### ***4.5 Addressing state fragility***

20. The EU will improve its response to difficult partnerships and fragile states, where a third of the world's poor live. The EU will strengthen its efforts in conflict prevention work<sup>6</sup> and will support the prevention of state fragility through governance reforms, rule of law, anti-corruption measures and the building of viable state institutions in order to help them fulfil a range of basic functions and meet the needs of their citizens. The EU will work through state systems and strategies, where possible, to increase capacity in fragile states. The EU advocates remaining engaged, even in the most difficult situations, to prevent the emergence of failed states.

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<sup>6</sup> Set out in the EU Programme for the Prevention of Violent Conflicts, Gothenburg European Council, June 2001.



21. In transition situations, the EU will promote linkages between emergency aid, rehabilitation and long-term development. In a post-crisis situation development will be guided by integrated transition strategies, aiming at rebuilding institutional capacities, essential infrastructure and social services, increasing food security and providing sustainable solutions for refugees, displaced persons and the general security of citizens. EU action will take place in the framework of multilateral efforts including the UN Peace Building Commission, and will aim to re-establish the principles of ownership and partnership.

22. Some developing countries are particularly vulnerable to natural disasters, climatic change, environmental degradation and external economic shocks. The Member States and the Community will support disaster prevention and preparedness in these countries, with a view to increasing their resilience in the face of these challenges.

## **5. Delivering more and better aid**

### ***5.1 Increasing financial resources***

23. Development remains a long-term commitment. The EU has adopted a timetable for Member States to achieve 0.7% of GNI by 2015, with an intermediate collective target of 0.56% by 2010<sup>7</sup>, and calls on partners to follow this lead. These commitments should see annual EU aid double to over €6 billion in 2010. Further debt relief will be considered, as well as innovative sources of finance in order to increase the resources available in a sustainable and predictable way. At least half of this increase in aid will be allocated to Africa, while fully respecting individual Member States priorities' in development assistance. Resources will be allocated in an objective and transparent way, based on the needs and performance of the beneficiary countries, taking into account specific situations.

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<sup>7</sup> May 2005 Council conclusions set out that: Member States which have not yet reached a level of 0.51% ODA/GNI, undertake to reach, within their respective budget allocation processes, that level by 2010, while those that are already above that level undertake to sustain their efforts. Member States, which have joined the EU after 2002, and that have not reached a level of 0.17% ODA/GNI, will strive to increase their ODA to reach, within their respective budget allocation processes, that level by 2010, while those that are already above that level undertake to sustain their efforts. Member States undertake to achieve the 0.7% ODA/GNI target by 2015 whilst those which have achieved that target commit themselves to remain above that target; Member States which joined the EU after 2002 will strive to increase by 2015 their ODA/GNI to 0.33%.

24. In order to meet the MDGs, priority will continue to be given to least developed and other LICs, as reflected in the high proportion of EU aid flowing to these countries<sup>8</sup>. The EU also remains committed to supporting the pro-poor development of middle-income countries (MICs), especially the lower MICs, and our development assistance to all developing countries will be focused on poverty reduction, in its multi-dimensional aspects, in the context of sustainable development. Particular attention will be given to fragile states and donor orphans.

### *5.2 More effective aid*

25. As well as more aid, the EU will provide better aid. Transaction costs of aid will be reduced and its global impact will improve. The EU is dedicated to working with all development partners to improve the quality and impact of its aid as well as to improve donor practices, and to help our partner countries use increased aid flows more effectively. The EU will implement and monitor its commitments on Aid Effectiveness<sup>9</sup> in all developing countries, including setting concrete targets for 2010. National ownership, donor coordination and harmonisation, starting at field level, alignment to recipient country systems and results orientation are core principles in this respect.

26. Development assistance can be provided through different modalities that can be complementary (project aid, sector programme support, sector and general budget support, humanitarian aid and assistance in crisis prevention, support to and via the civil society, approximation of norms, standards and legislation, etc.), according to what will work best in each country. Where circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partner's national accountability and procedures, to finance national poverty reduction strategies (PRS) (including operating costs of health and education budgets) and to promote sound and transparent management of public finances.

27. Partner countries need stable aid for effective planning. The EU is therefore committed to more predictable and less volatile aid mechanisms.

28. Debt reduction also provides predictable financing. The EU is committed to finding solutions to unsustainable debt burdens, in particular the remaining multilateral debts of HIPC's, and where necessary and appropriate, for countries affected by exogenous shocks and for post-conflict countries.

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<sup>8</sup> In 2003 the EU allocated average 67% of aid to LICs, excluding Member States joining in 2004 (OECD DAC figures).

<sup>9</sup> Rome Declaration of February 2003 and Paris Declaration of March 2005.

29. The EU will promote further untying of aid going beyond existing OECD recommendations, especially for food aid.

### ***5.3 Coordination and complementarity***

30. In the spirit of the Treaty, the Community and the Member States will improve coordination and complementarity. The best way to ensure complementarity is to respond to partner countries' priorities, at the country and regional level. The EU will advance coordination, harmonisation and alignment<sup>10</sup>. The EU encourages partner countries to lead their own development process and support a broad donor-wide engagement in national harmonisation agendas. Where appropriate, the EU will establish flexible roadmaps setting out how its Member States can contribute to countries' harmonisation plans and efforts.

31. The EU is committed to promote better donor coordination and complementarity by working towards joint multiannual programming, based on partner countries' poverty reduction or equivalent strategies and country's own budget processes, common implementation mechanisms including shared analysis, joint donor wide missions, and the use of co-financing arrangements.

32. The EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and has in this context made four additional commitments: to provide all capacity building assistance through coordinated programmes with an increasing use of multi-donors arrangements; to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector-wide approaches; to avoid the establishment of any new project implementation units; to reduce the number of un-coordinated missions by 50%.

33. The EU will capitalise on new Member States' experience (such as transition management) and help strengthen the role of these countries as new donors.

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<sup>10</sup> This includes the Council Conclusions of November 2004 on: 'Advancing Coordination, Harmonisation and Alignment: the contribution of the EU'.

34. The EU will undertake to carry out this agenda in close cooperation with partner countries, other bilateral development partners and multilateral players such as the United Nations and International Financial Institutions, to prevent duplication of efforts and to maximise the impact and effectiveness of global aid. The EU will also promote the enhancement of the voice of developing countries in international institutions.

## **6. Policy coherence for development (PCD)**

35. The EU is fully committed to taking action to advance Policy Coherence for Development in a number of areas<sup>11</sup>. It is important that non-development policies assist developing countries' efforts in achieving the MDGs. The EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries. To make this commitment a reality, the EU will strengthen policy coherence for development procedures, instruments and mechanisms at all levels, and secure adequate resources and share best practice to further these aims. This constitutes a substantial additional EU contribution to the achievement of the MDGs.

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<sup>11</sup> May 2005 Council Conclusions confirm the EU is committed to the implementation of the objectives contained in the Commission's Communication on PCD dealing with the areas of Trade, Environment, Climate change, Security, Agriculture, Fisheries, Social dimension of globalisation, employment and decent work, Migration, Research and innovation, Information society, Transport and Energy.

36. The EU strongly supports a rapid, ambitious and pro-poor completion of the Doha Development Round and EU-ACP Economic Partnership Agreements (EPAs). Developing countries should decide and reform trade policy in line with their broader national development plans. We will provide additional assistance to help poor countries build the capacity to trade. Particular attention will be paid to the least advanced and most vulnerable countries. The EU will maintain its work for properly sequenced market opening, especially on products of export interest for developing countries, underpinned by an open, fair, equitable, rules-based multilateral trading system that takes into account the interests and concerns of the weaker nations. The EU will address the issues of special and differentiated treatment and preference erosion with a view to promote trade between developed countries and developing countries, as well as among developing countries. The EU will continue to promote the adoption by all developed countries of quota free and tariff free access for LDCs before the end of the Doha round, or more generally. Within the framework of the reformed Common Agriculture Policy (CAP), the EU will substantially reduce the level of trade distortion related to its support measures to the agricultural sector, and facilitate developing countries' agricultural development. In line with development needs, the EU supports the objectives of asymmetry and flexibility for the implementation of the EPAs. The EU will continue to pay particular attention to the development objectives of the countries with which the Community has or will agree fisheries agreements.

37. Insecurity and violent conflict are amongst the biggest obstacles to achieving the MDGs. Security and development are important and complementary aspects of EU relations with third countries. Within their respective actions, they contribute to creating a secure environment and breaking the vicious cycle of poverty, war, environmental degradation and failing economic, social and political structures. The EU, within the respective competences of the Community and the Member States, will strengthen the control of its arms exports, with the aim of avoiding that EU-manufactured weaponry be used against civilian populations or aggravate existing tensions or conflicts in developing countries, and take concrete steps to limit the uncontrolled proliferation of small arms and light weapons, in line with the European strategy against the illicit traffic of small arms and light weapons and their ammunitions. The EU also strongly supports the responsibility to protect. We cannot stand by, as genocide, war crimes, ethnic cleansing or other gross violations of international humanitarian law and human rights are committed. The EU will support a strengthened role for the regional and sub-regional organisations in the process of enhancing international peace and security, including their capacity to coordinate donor support in the area of conflict prevention.

38. The EU will contribute to strengthening the social dimension of globalisation, promoting employment and decent work for all. We will strive to make migration a positive factor for development, through the promotion of concrete measures aimed at reinforcing their contribution to poverty reduction, including facilitating remittances and limiting the ‘brain drain’ of qualified people. The EU will lead global efforts to curb unsustainable consumption and production patterns. We will assist developing countries in implementing the Multilateral Environmental Agreements and promote pro-poor environment-related initiatives. The EU reconfirms its determination to combat climate change.

## **7. Development, a contribution to addressing global challenges**

39. EU action for development, centred on the eradication of poverty in the context of sustainable development, makes an important contribution to optimising the benefits and sharing the costs of the globalisation process more equitably for developing countries, which is in the interests of wider peace and stability, and the reduction of the inequalities that underlie many of the principal challenges facing our world. A major challenge the international community must face today is to ensure that globalisation is a positive force for all of mankind.

40. Reducing poverty and promoting sustainable development are objectives in their own right. Achieving the MDGs is also in the interest of collective and individual long-term peace and security. Without peace and security development and poverty eradication are not possible, and without development and poverty eradication no sustainable peace will occur. Development is also the most effective long-term response to forced and illegal migration and trafficking of human beings. Development plays a key role in encouraging sustainable production and consumption patterns that limit the harmful consequences of growth for the environment.

## Part II: The European Community Development Policy

*This second part of the European Consensus on Development sets out the renewed European Community Development Policy, which implements the European vision on development set out in the first part for the resources entrusted to the Community, in accordance with the Treaty. It clarifies the Community's role and added value and how the objectives, principles, values, policy coherence for development and commitments defined in this common vision will be made operational at Community level. It identifies priorities which will be reflected in effective and coherent development cooperation programmes at the level of countries and regions. It will guide the planning and implementation of the development assistance component of all Community instruments and cooperation strategies with third countries<sup>12</sup>. It shall be taken into account in other Community policies that affect developing countries, to ensure policy coherence for development.*

41. Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States<sup>13</sup>.

42. The Community development policy will have as its primary objective the eradication of poverty in the context of sustainable development, including pursuit of the MDGs, as well as the promotion of democracy, good governance and respect for human rights, as defined in part I. At the Community level, these objectives will be pursued in all developing countries and applied to the development assistance component of all Community cooperation strategies with third countries.

43. The Community will apply all the principles defined in Part I, including principles on aid effectiveness: national ownership, partnership, coordination, harmonisation, alignment to the recipient country systems and results orientation.

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<sup>12</sup> The development assistance component is defined as all official development aid (ODA) as agreed by the OECD Development Assistance Committee.

<sup>13</sup> Community development cooperation is based on Articles 177 to 181 of the Treaty of the European Community.

44. The Community will also promote policy coherence for development, based upon ensuring that the Community shall take account of development cooperation objectives in the policies that it implements which are likely to affect developing countries.

45. In all activities the Community will apply a strengthened approach to mainstreaming the cross cutting issues as set out in section 3.3 "A strengthened approach to mainstreaming".

### **1. The particular role and comparative advantages of the Community**

46. Within its competences as conferred by the Treaty, the Commission has a wide role in development. Its global presence, its promotion of policy coherence for development, its specific competence and expertise, its right of initiative at community level, its facilitation of coordination and harmonisation as well as its supranational character are of special significance. The Community can be distinguished by its comparative advantage and added value, which enable complementarity with bilateral policies of Member States and other international donors.

47. On behalf of the Community, the Commission will aim to provide added value through the following roles:

48. First, a global presence. The Commission is present as a development partner in more countries than even the largest of the Member States, and in some cases is the only EU partner substantially present. It has a common trade policy, cooperation programmes covering practically every developing country and region and a political dialogue conducted together with the Member States. It receives backup from an extensive network of delegations. This enables it to respond to a wide variety of situations, including fragile states where Member States have withdrawn.

49. Second, with the support of Member States, ensuring policy coherence for development in Community actions,<sup>14</sup> in particular where Community policies have significant impacts on developing countries, such as trade, agriculture, fisheries and migration policies, and promoting this principle more widely. Drawing on its own experiences, and exclusive competence in trade, the Community has a comparative advantage in providing support to partner countries to integrate trade into national development strategies and to support regional cooperation whenever possible.

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<sup>14</sup> In all 12 areas set out in the May 2005 Council Conclusions and attached Communication on PCD.



50. Third, promoting development best practice. The Commission, together with the Member States, will stimulate the European debate on development and promote development best practice, such as direct budget support and sectoral aid where appropriate, untying of aid, an approach based on results and deconcentration of the implementation of assistance. By enhancing its analytical capacities, it has the potential to serve as an intellectual centre in certain development issues.

51. Fourth, in facilitating coordination and harmonisation. The Commission will play an active role in implementation of the Paris Declaration on aid effectiveness and will be one of the driving forces to promote EU delivery of its commitments made in Paris on ownership, alignment, harmonisation results and mutual accountability. The Commission will continue to promote the 3Cs – coordination, complementarity and coherence as the EU contribution to the wider international agenda for aid effectiveness. The Community will also support enhanced coordination of disaster relief and preparedness, in the context of the existing international systems and mechanisms and the UN's lead role in ensuring international coordination.

52. Fifth, a delivery agent in areas where size and critical mass are of special importance.

53. Sixth, the Community will promote democracy, human rights, good governance and respect for international law, with special attention given to transparency and anti-corruption. The Commission's experience on democracy promotion, human rights and nation-building is positive and will be further developed.

54. Seventh, in putting into effect the principle of participation of civil society, the Commission will be supported by the European Economic and Social Committee which has a role in facilitating the dialogue with local economic and social interest partners.

55. In addition, the Community strives to promote understanding of interdependence and encourage North-South solidarity. To that end, the Commission will pay particular attention to raising awareness and educating EU citizens about development.

## **2. A differentiated approach depending on contexts and needs**

### ***2.1 Differentiation in the implementation of development cooperation***

56. Development objectives, principles, and application of aid effectiveness commitments,<sup>15</sup> must be applied to all development cooperation components. In all developing countries the Community will use the instruments and approaches that will be most effective in reducing poverty and ensuring sustainable development.

57. Implementation of Community development cooperation is necessarily country or region-specific, ‘tailor-made’ to each partner country or region, based on the country’s own needs, strategies, priorities and assets. Differentiation is a necessity, given the diversity of partners and challenges.

58. Development objectives are goals in their own right. Development cooperation is one major element of a wider set of external actions, all of which are important and should be coherent, mutually supportive and not subordinate to each other. Country, Regional and Thematic Strategy papers are the Commission programming tools which both define this range of policies and ensure coherence between them.

59. Development assistance can be provided through different modalities that can be complementary (project aid, sector programme support, sector and general budget support, humanitarian aid and assistance in crisis prevention, support to and via the civil society, approximation of norms, standards and legislation, etc.), according to what will work best in each country.

60. Poverty eradication is important in both middle-income and low-income partner countries. LICs and LDCs face enormous challenges on their path towards the MDGs. Support to LICs will be based on PRS, paying due attention to the availability of and access to basic services, economic diversification, food security and improved democratic governance and institutions.

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<sup>15</sup> Made in the context of the Paris Declaration of March 2005.

61. Support to middle-income countries also remains important to attaining the MDGs. Many lower MICs are facing the same kind of difficulties as LICs. A large number of the world's poor live in these countries and many are confronted with striking inequalities and weak governance, which threaten the sustainability of their own development process. The Community therefore continues to provide development assistance based on countries' poverty reduction or equivalent strategies. Many MICs have an important role in political, security and trade issues, producing and protecting global public goods and acting as regional anchors. But they are also vulnerable to internal and external shocks, or are recovering, or suffering, from conflicts.

62. The Pre-Accession Policy, insofar as it concerns developing countries, aims to support the membership perspective of candidate and pre-candidate countries, and the European Neighbourhood Policy aims to build a privileged partnership with neighbouring countries, bringing them closer to the Union and offering them a stake in the Community's internal market together with support for dialogue, reform and social and economic development. Whilst these policies have a clear integration focus, they usually include significant development aspects. Poverty reduction and social development objectives will help to build more prosperous, equitable and thus stable societies in what are predominately developing countries. The instruments that may provide technical and financial assistance to support these policies will include, where appropriate, development best practice to promote effective management and implementation. Policies guiding these instruments will be realised within a broader framework, set out in the European Neighbourhood and Pre-Accession Policies, and will form an integral part of wider Community external actions.

63. The proposed new architecture of policy-driven and horizontal instruments<sup>16</sup> for Community assistance may provide the appropriate framework to respond to the different contexts and conditions. In this framework, the thematic programmes are subsidiary, complementary and defined on the basis of their distinctive value added vis-à-vis the geographical programmes.

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<sup>16</sup> The Commission proposal to the Council and the Parliament is based on three policy-driven regulations: the European Neighbourhood and Partnership, Development Cooperation and Economic Cooperation, and Pre-accession to the EU and three horizontal instruments: for Humanitarian assistance, Stability and Macro-financial assistance.

## ***2.2 Objective and transparent criteria for resource allocation***

64. Within global geographic and thematic allocations, the use of standard, objective and transparent resource allocation criteria based on needs and performance will guide the allocation of resources and a review of their subsequent use. The particular difficulties faced by countries in crisis, in conflict or disaster-prone will be borne in mind, alongside the specificity of the different programmes.

65. The needs criteria include population, income per capita and the extent of poverty, income distribution and the level of social development, while the performance criteria include political, economic and social progress, progress in good governance and the effective use of aid, and in particular the way a country uses scarce resources for development, beginning with its own resources.

66. Development policy must reflect a distribution 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 LDCs and other LICs, as part of an approach which also encompasses the efforts by the government of the partner countries to reduce poverty as well as their performance and absorption capacity. The LDCs and LICs will be given priority in terms of overall resource allocations. The Community should find ways to increase the focus on the poorest countries with a specific focus on Africa. Appropriate attention will be given to MICs, particularly to lower-middle-income countries many of which face similar problems to LICs.

## **3. Responding to the needs of partner countries**

### ***3.1 The principle of concentration while maintaining flexibility***

67. The principle of concentration will guide the Community in its country and regional programming. This is crucial to ensure aid effectiveness. The Community will apply this principle in all its country and regional programmes. It means selecting a strictly limited number of areas for action when Community aid is being programmed, instead of spreading efforts too thinly over too many sectors. This selection process will be done at country and regional level in order to honour commitments made in regard of partnership, ownership and alignment.

68. These priorities will be identified through a transparent and in-depth dialogue with partner countries on the basis of a joint analysis and in such a way as to ensure complementarity with other donors, in particular with Member States. Programming should allow for sufficient flexibility to also enable a rapid response to unforeseen needs.

69. The harmonisation agenda means that donors must work together to support partner countries' general and sectoral policies. The Community will support partner countries in being the leading force in the preparation and coordination of multi-annual programming of all donor support to the country. MDG-oriented poverty-reduction strategies or equivalent national strategies will be the starting point for this kind of work.

### ***3.2 Areas for Community Action***

70. The particular role and comparative advantages of the Community point to focusing the Community's contribution in certain areas, where it has comparative advantages. Therefore the Commission will further develop its expertise and capacity in these areas. Particular attention will be paid to building the necessary capacity and expertise at the country level, in line with the deconcentration process and ownership of partner countries.

71. Responding to the needs expressed by partner countries, the Community will be active primarily in the following areas, a number of which will be considered its comparative advantage.

#### ***Trade and regional integration***

72. The Community will assist developing countries on trade and regional integration through fostering, equitable and environmentally sustainable growth, smooth and gradual integration into the world economy, and linking trade and poverty reduction or equivalent strategies. The priorities in this area are institutional and capacity building to design and effectively implement sound trade and integration policies, as well as support for the private sector to take advantage of new trading opportunities.

73. The specific operations will depend heavily on the characteristics of the partner countries. The poorest countries, especially LDCs and small, landlocked and insular countries require special emphasis on the supply side and increasing the competitiveness of the private sector.

74. Barriers are often highest between developing countries themselves. Regional integration can lower these barriers. In the case of the ACP, this also helps to prepare Economic Partnership Agreements. For many countries, but especially those for which the EU is the largest trading and investment partner, approximation of the EU single market regulations is beneficial.

### *The environment and the sustainable management of natural resources*

75. The Community will support the efforts undertaken by its partner countries to incorporate environmental considerations into development, and help increase their capacity to implement multilateral environmental agreements. The Community will give particular attention to initiatives ensuring the sustainable management and preservation of natural resources, including as a source of income, and as a means to safeguard and develop jobs, rural livelihoods and environmental goods and services. To this end it will encourage and support national and regional strategies; it will also take part in and contribute to European or global initiatives and organisations. A stronger support to the implementation of the United Nations Convention on Biological Diversity will help to halt biodiversity loss and promote biosafety and sustainable management of biodiversity. As far as desertification control and sustainable land management are concerned, the Community will focus on the implementation of the United Nations Convention to Combat Desertification through effective mainstreaming of sustainable land management issues in developing countries' strategies. As regards sustainable forest management, the Community will support efforts on combating illegal logging and will give particular attention to implementation of Forest Law Enforcement, Governance and Trade (FLEGT).

76. With regard to climate change, the Community will focus its efforts on the implementation of the EU Action Plan on Climate Change in the context of development cooperation, in close collaboration with the Member States. Adaptation to the negative effects of climate change will be central in the Community's support to LDCs and small island development states. It will also seek to promote the sustainable management of chemicals and waste, particularly by taking into account their links with health issues.

## ***Infrastructure, Communications and transport***

77. The Community will promote a sustainable transport sectoral approach. This approach will be based on the principles of partner country ownership and prioritisation through poverty reduction or equivalent strategies, meeting partner countries' needs, ensuring transport safety, affordability, efficiency and minimising negative effects on the environment. It applies a strategy for delivering transport that is economically, financially, environmentally and institutionally sustainable.

78. The Community will respond within the budgets available to the growing demand, particularly from African countries, for the increase of donor funding to infrastructure, including economic infrastructure in support of efforts to eradicate poverty. The Community will provide support at various levels. The point of departure will be the national level with the major bulk of the assistance being channelled through partner countries' strategies, securing an optimal balance between investment and maintenance. At regional and continental level the Community will launch a Partnership for Infrastructure, which will work together with regional economic communities, and other major partners, including the private sector. Partnership with the private sector will be supported.

79. The Community will also support an increased use of information and communication technologies to bridge the digital divide. It will also increase its support to development-related research.

## ***Water and energy***

80. The Community 'integrated water resources management' policy framework aims at ensuring a supply of sufficient, good quality drinking water, adequate sanitation and hygiene to every human being, in line with the MDGs and the targets from Johannesburg. Further, it aims at establishing a framework for long term protection of all water resources, preventing further deterioration and promoting sustainable water use.

81. The EU Water Initiative contributes to these policy objectives. Its key elements are to: reinforce political commitment to action; raise the profile of water and sanitation issues in the context of poverty reduction efforts and sustainable development; promote better water governance arrangements; encourage regional and sub-regional cooperation on water management issues; and catalyse additional funding.

82. Large sectors of the population in developing countries have no access to modern energy services and rely on inefficient and costly household energy systems. Community policy therefore is focused on supporting a sound institutional and financial environment, awareness raising, capacity building, and fund-raising in order to improve access to modern, affordable, sustainable, efficient, clean (including renewable) energy services through the EU Energy Initiative, and other international and national initiatives. Efforts will also be made to support technology leapfrogging in areas like energy and transport.

### ***Rural development, territorial planning, agriculture and food security***

83. Agriculture and rural development are crucial for poverty reduction and growth. To re-launch investment in these areas, the Community will support country-led, participatory, decentralised and environmentally sustainable territorial development, aimed at involving beneficiaries in the identification of investments and the management of resources in order to support the emergence of local development clusters, while respecting the capacity of eco-systems. For results to be sustainable it is essential to promote a coherent and conducive policy environment on all levels.

84. The Community will continue to work to improve food security at international, regional and national level. It will support strategic approaches in countries affected by chronic vulnerability. Focus will be on prevention, safety nets, improving access to resources, the quality of nutrition and capacity development. Particular attention will be paid to transition situations and to the effectiveness of emergency aid.

85. In relation to agriculture, the Community will focus on access to resources (land, water, finance), the sustainable intensification of production (where appropriate and in particular in LDCs), competitiveness on regional and international markets and risk management (in countries dependent on commodities). To ensure that developing countries benefit from technological development, the Community will support global agricultural research.



## *Governance, democracy, human rights and support for economic and institutional reforms*

86. Progress in the protection of human rights, good governance and democratisation is fundamental for poverty reduction and sustainable development<sup>17</sup>. All people should enjoy all human rights in line with international agreements. The Community will on this basis promote the respect for human rights of all people in cooperation with both states and non-state actors in partner countries. The Community will actively seek to promote human rights as an integral part of participatory in-country dialogue on governance. Fostering good governance requires a pragmatic approach based on the specific context of each country. The Community will actively promote a participatory in-country dialogue on governance, in areas such as anti-corruption, public sector reform, access to justice and reform of the judicial system. This is essential to building country-driven reform programmes in a context of accountability and an institutional environment that upholds human rights, democratic principles and the rule of law.

87. With a view to improved legitimacy and accountability of country-driven reforms, the Community will promote a high level of political commitment to these reforms. It will, as part of this, also support decentralisation and local authorities, the strengthening of the role of Parliaments, promote human security of the poor, and the strengthening of national processes to ensure free, fair and transparent elections. The Community will promote democratic governance principles in relation to financial, tax and judicial matters.

88. The Community will continue to be a key player, in co-ordination with the Bretton Woods Institutions, in supporting economic and institutional reforms, including PRS, by engaging in dialogue and providing financial assistance to governments engaged in these programmes. The Community will continue to pay close attention to the impact of reforms, in terms of growth, improved business climate, macroeconomic stability and the effects on poverty reduction. By putting results at the centre of its dialogue, the Community will promote real country ownership of reforms. Particular emphasis will also be placed on improvements in public finance management, as fundamental to combating corruption and promoting efficient public spending.

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<sup>17</sup> 2003 Communication on Governance and Development set out the EC's definition and approach to governance.

## *Conflict prevention and fragile states*

89. The Community, within the respective competences of its institutions, will develop a comprehensive prevention approach to state fragility, conflict, natural disasters and other types of crises. In this, the Community will assist partner countries' and regional organizations' efforts to strengthen early warning systems and democratic governance and institutional capacity building.. The Community will also, in close cooperation and coordination with existing structures of the Council, improve its own ability to recognize early signs of state fragility through improved joint analysis, and joint monitoring and assessments of difficult, fragile and failing states with other donors. It will actively implement the OECD principles for good international engagement in fragile states in all programming.

90. In difficult partnerships, fragile or failing states the Community's immediate priorities will be to deliver basic services and address needs, through collaboration with civil society and UN organisations. The long-term vision for Community engagement is to increase ownership and continue to build legitimate, effective and resilient state institutions and an active and organised civil society, in partnership with the country concerned.

91. The Community will continue to develop comprehensive plans for countries where there is a significant danger of conflict, which should cover policies that may exacerbate or reduce the risk of conflict.

92. It will maintain its support to conflict prevention and resolution and to peace building by addressing the root-causes of violent conflict, including poverty, degradation, exploitation and unequal distribution and access to land and natural resources, weak governance, human rights abuses and gender inequality. It will also promote dialogue, participation and reconciliation with a view to promoting peace and preventing outbreaks of violence.

## *Human development*

93. The Community human development policy framework for health, education, culture and gender equality aims at improving peoples' lives in line with the MDGs through action at global and country level. It will be driven by the principle of investing in and valuing people, promoting gender equality and equity.

94. The MDGs cannot be attained without progress in achieving the goal of universal sexual and reproductive health and rights as set out in the ICPD Cairo Agenda. To confront the devastating impact of HIV/AIDS, TB and malaria in developing countries, a roadmap for joint EU actions on the European Programme for Action will be developed. The Community will support the full implementation of strategies to promote sexual and reproductive health and rights and will link the fight against HIV/AIDS with support for reproductive and sexual health and rights. The Community will also address the exceptional human resource crisis of health providers, fair financing for health and strengthening health systems in order to promote better health outcomes, making medicines more affordable for the poor.

95. MDG-related performance indicators will be strengthened to better link sector and budget support to MDG progress and to ensure adequate funding for health and education.

96. The Community aims to contribute to 'Education for All'. Priorities in education are quality primary education and vocational training and addressing inequalities. Particular attention will be devoted to promoting girls' education and safety at school. Support will be provided to the development and implementation of nationally anchored sector plans as well as the participation in regional and global thematic initiatives on education.

### ***Social cohesion and employment***

97. In the context of poverty eradication, the Community aims to prevent social exclusion and to combat discrimination against all groups. It will promote social dialogue and protection, in particular to address gender inequality, the rights of indigenous peoples and to protect children from human trafficking, armed conflict, the worst forms of child labour and discrimination and the condition of disabled people.

98. Social and fiscal policies to promote equity will be supported. Priority actions will include support for social security and fiscal reforms, corporate social responsibility, pro-poor growth and employment.

99. Employment is a crucial factor to achieve a high level of social cohesion. The Community will promote investments that generate employment and that support human resources development. In this respect the Community will promote decent work for all in line with the International Labour Organisation (ILO) agenda.

#### ***3.3. A strengthened approach to mainstreaming***

100. Some issues require more than just specific measures and policies; they also require a mainstreaming approach because they touch on general principles applicable to all initiatives and demand a multisectoral response.

101. In all activities, the Community will apply a strengthened approach to mainstreaming the following cross-cutting issues: the promotion of human rights, gender equality, democracy, good governance, children's rights and indigenous peoples, environmental sustainability and combating HIV/AIDS. These cross-cutting issues are at once objectives in themselves and vital factors in strengthening the impact and sustainability of cooperation.

102. The Commission will relaunch this approach, making systematic and strategic use of all resources at its disposal<sup>18</sup>. Foremost it will ensure that its services develop capacity to implement this policy. It will intensify the dialogue with its partner countries to promote the mainstreaming of these issues in national policies and PRS. It will also facilitate setting up networks of expertise and technical support.

### ***Democracy, Good Governance, Human rights, the rights of children and indigenous peoples***

103. Democracy, Good Governance, Human rights and the rights of children will be promoted in partnership with all countries receiving Community development assistance. These issues should be systematically incorporated into the Community's development instruments through all Country and Regional Strategy Papers. The key principle for safeguarding indigenous peoples rights in development cooperation is to ensure their full participation and the free and prior informed consent of the communities concerned.

### ***Gender equality***

104. Equality between men and women and the active involvement of both genders in all aspects of social progress are key prerequisites for poverty reduction. The gender aspect must be addressed in close conjunction with poverty reduction, social and political development and economic growth, and mainstreamed in all aspects of development cooperation. Gender equality will be promoted through support to equal rights, access and control over resources and political and economic voice.

### ***Environmental sustainability***

105. The Community will support the efforts by partner countries (governments and civil society) to incorporate environmental considerations into development, including implementation of multilateral environmental agreements<sup>19</sup>. It will also help increase their capacity for doing so. Protection of the environment must be included in the definition and implementation of all Community policies, particularly in order to promote sustainable development.

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<sup>18</sup> Strategic environmental assessments and gender-equality impact assessments will be carried out on a systematic basis, including in relation to budget ('greening the budget') and sectoral aid.

<sup>19</sup> Climate, biodiversity, desertification, waste and chemicals

## ***HIV/AIDS***

106. In all countries, the fight against HIV/AIDS is defined as an effort cutting across sectors and institutions. There remains a need to mainstream HIV/AIDS into many activities that are not directly concerned with the issue and into the work programmes of specific sector support.

### ***3.4. Support for global initiatives and funds***

107. The Commission will continue to contribute to global initiatives that are clearly linked to the MDGs and to global public goods. Global initiatives and funds are powerful instruments for launching new political measures or reinforcing existing ones where their scope is insufficient. They are capable of generating public awareness and support more effectively than traditional aid institutions. This kind of aid should be aligned with national strategies, contribute to the dialogue with countries and aim at the integration of funds into their budget cycles.

108. The added value of global initiatives and funds will have to be assessed on a case-by-case basis after Commission consultation with Member States and, where appropriate, with the European Parliament as regards budget provision. The Commission will draw up criteria for Community participation in global funds and contributions to them. It will give priority to initiatives that will help achieve the MDGs and increase the availability of global public goods.

### ***3.5 Policy coherence for development (PCD)***

109. The Commission and Member States will prepare a rolling Work Programme on the implementation of the May 2005 Council conclusions on PCD. This Work Programme will propose priorities for action; define roles and responsibilities of Council, Member States and Commission and set out sequencing and timetables, with the aim of ensuring that non-aid policies can assist developing countries in achieving the MDGs. The Commission will reinforce its existing instruments, notably its impact assessment tool and consultations with developing countries during policy formulation and implementation, and considering new ones where necessary in support of a strengthened PCD.

110. Notwithstanding making progress on other PCD commitments, urgent attention will be given to commitments and actions on migration. In this respect, the Commission will aim to include migration and refugee issues in country and regional strategies and partnerships with interested countries and to promote the synergies between migration and development, to make migration a positive force for development. It will support developing countries in their policies of management of migratory flows, as well as in their efforts to combat human trafficking, in order to make sure that the human rights of the migrants are respected.

#### **4. A range of modalities based on needs and performance**

111. The Community has a wide range of modalities for implementing development aid which enable it to respond to different needs in different contexts. These are available to all geographical and thematic programmes and reflect a genuine Community added value.

112. Community assistance, whether it is project, sector programme, sector or general budget support, should support partner countries' poverty reduction or equivalent strategies. Decisions on what modalities of Community aid are the most appropriate for each country will be made at the programming stage, which must be increasingly coordinated with the process of formulating sectoral policies and implementing national budgets.

113. Where conditions allow, the preferred modality for support to economic and fiscal reforms and implementation of PRS will be budget support, for specific sectors or for the general public spending programme. It will enable recipient countries to cope with growing operating budgets, promote harmonisation and alignment on national policies, contribute to lower transaction costs and encourage results-based approaches. Such programmes will normally require the support of the International Financial Institutions, with which the Community's support will be co-ordinated. The value added of the complementary Community contribution, and any additional conditionality should be clearly defined. The financial management capacities of the beneficiary countries will be strengthened and closely monitored.

114. The provision of direct budget support will respect the recommendations made in the OECD/DAC Good Practice Guidelines on budget support, in particular in terms of alignment, coordination and conditions. Guidelines for the provision of budget support will apply to all the partner countries and will be reinforced with the setting of clear benchmarks and the monitoring of indicators set up to check the effectiveness of this aid modality.

115. The Community will consistently use an approach based on results and performance indicators. Increasingly, conditionality is evolving towards the concept of a “contract” based on negotiated mutual commitments formulated in terms of results.

116. The micro-finance approach has been a major innovation in the last few years. It will continue to be developed with an emphasis on capacity building and organisations with relevant expertise.

117. Debt reduction, which is comparable to indirect budget support, with low transaction costs and a tendency to promote coordination and harmonisation between donors, could where necessary and appropriate help countries to reduce their vulnerability to external shocks.

118. The majority of Community aid will continue to be provided in the form of grants, which is particularly suitable for the poorest countries and for those with a limited ability to repay.

119. In order to guarantee a maximum impact for the beneficiary countries, there should be a strengthening of the synergies between the programmes supported by the European Investment Bank (EIB) and other financial institutions and those financed by the Community. The EIB is playing an increasingly important role in the implementation of Community aid, through investments in private and public enterprises in developing countries.

120. In order to enhance the effectiveness of multilateral aid, the Community will also enhance its cooperation with the UN system, International Financing Institutions and other relevant international organisations and agencies where such cooperation provides added value.



121. The Community will make progress in defining a set of guidelines for intervention in countries in crisis or as they emerge from a crisis, by ensuring that it adjusts both its procedures for allocation of resources and its modalities of intervention, with the concern to be able to respond rapidly and flexibly, with a varied range of interventions.

## **5. Progress in management reforms**

122. In 2000, the Commission launched a reform programme which aimed to speed up implementation of Community's external assistance and to improve the quality of aid delivery. It brought about: (i) improved programming within a coherent project cycle with a focus on poverty eradication; (ii) the creation of one single entity – EuropeAid – responsible for the implementation of assistance; (iii) a completed devolution process with 80 delegations now responsible for aid management; (iv) the strengthening of human resources to speed up implementation; (v) improved working methods through harmonised and simplified procedures, better information systems and better trained staff; (vi) improved quality through a process of quality support and monitoring of the different stages of project management; and finally (vii) speedier implementation of assistance.

123. Improvements are still needed and continue to be made. Externally, the coordination and harmonisation agenda with other donors will have a major positive impact on aid delivery. Internally, the Commission will continue to streamline procedures, push for more devolution to delegations, clarify interaction between delegations and headquarters and improve information systems. Within this framework, quality of projects and programmes at entry will receive more attention through a reinforced quality support process. This will also require a clearer focus on a limited number of areas (and a limited number of activities within the targeted areas) per partner country. During implementation better use should be made of monitoring tools and at closure of programmes, evaluations should result in a clearer input into the programming and identification process.

## 6. Monitoring and evaluation

### *Lessons from evaluation of 2000 DPS*

124. The assessment of the 2000 European Community Development Policy and its impact on Community aid highlighted a number of important lessons. These included the need to reflect recent international development commitments, such as those made at UN conferences, and advances made in development best practice, such as budget support and the Paris Declaration. The DPS also needed to have higher levels of ownership by all parts of the Commission and be widely accepted in the European Parliament. It should be applied consistently in Community development programmes in all developing countries. These lessons have been drawn upon in agreeing the new Statement and will be taken fully into account in future implementation of EC aid in all developing countries.

### *Monitoring future implementation*

125. The Commission should develop a set of measurable objectives and targets for implementing this Policy and assess progress against this on a regular basis, in the Annual Report for implementation of the European Community Development Policy.

126. The Commission will ensure that all its services and delegations managing programming and implementation of Community development assistance use this European Community Development Policy as the key reference for the Community's objectives and principles for implementation of all development cooperation.

## ANNEX

### Declaration by the Council and the Representatives of the Governments of the Member States meeting within the Council

In the event that any Member State wishes to review the country applicability of this Statement subsequent to the OECD/DAC decision of April 2006, the Council will consider this.

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