



Response of the United Nations Team in Brussels to the Green Paper on EU Development Policy in Support of Inclusive Growth and Sustainable Development

The UN Team in Brussels welcomes the opportunity to contribute to the EU's reflection on the future of its development policy. The review is timely. The development landscape has changed significantly with a multiplicity of new public and private actors and modalities. This review offers the EU the possibility to situate its actions in relation to others and coordinate efforts.

The triple crisis - economic, food insecurity and climate change - affecting many developing countries provoked profound reflections on models of development and the costs of globalisation in terms of volatility and inequality. The crises lay bare the limits of domestic policies in dealing with exogenous factors that threaten MDG progress and highlight the role of global public goods in national development. As an international leader in development, in the UN, G20 and OECD/DAC, the EU consistently promotes multilateral solutions to common problems, advocates UN international norms and standards, and helps countries build their capacity to meet these. *Basing EU development policy on UN international standards will reinforce these standards and provide an internationally-agreed basis for EU interactions with third countries.*

The EU is commended for its efforts to re-frame the Union's development policy beyond aid. With the Lisbon Treaty changes, the combined EU institutional and Member State entry points give the EU unparalleled potential to bring a coherent approach to the social, economic and environmental dimensions of development on the international stage; scale up proven interventions to deliver faster MDG progress; and help make international governance frameworks more conducive to developing country needs. *The EU has considerable leverage to influence global policies with potentially high returns in terms of development impact.*

The Paper underscores the important contribution of EU ODA. The positive EU trends and commitments are commended though there is considerable variability across Member States. To underpin the EU commitments, the Commission could consider again putting forward the proposal for a peer-review mechanism to hold countries to account. *The world needs the European Union to continue to lead by example.*

The Vision for Human Development

The Lisbon Treaty states the EU will “foster the sustainable economic, social and environmental development of developing countries with the primary aim of eradicating poverty” (Art. 21), consistent with the 2005 European Consensus for Development. This has deep implications for EU development policy. Most poor people live in middle income countries, and women are

disproportionally represented among the poor. Many developing countries have strong but jobless growth, with youth unemployment, greater numbers of working poor and increased inequality. More growth alone cannot tackle this structural mismatch unless accompanied by measures that foster equality and job-rich growth. This is reflected in the UN 2008 Declaration on Social Justice for a fair Globalization, its 2009 Global Jobs Pact (both agreed in tripartite arrangements) and the G20 Seoul Development Consensus for Shared Growth.

The Green Paper points to sustainable and inclusive growth, but does not clearly articulate how these objectives are to be achieved. The Paper calls for a differentiated approach, with growth-oriented cooperation for countries embarking on inclusive growth strategies, and traditional aid instruments in countries most in need. In practice, economic and social development goes hand in hand and countries including fragile states need support to address the multiple dimensions of sustainable development – economic, social, environmental and cultural – in an integrated way. *The EU has real scope to promote multi-sectoral approaches including from its own experience.*

Economic growth can be a prime catalyst to reducing poverty and hunger. Yet rigorous analysis of several decades finds remarkably low correlations between growth and human developmentⁱ, unless accompanied by pro-poor strategies that integrate economic and social policies to achieve development for all. Growth has been a positive driver of human development where interventions focused on agricultural productivity, employment intensity (e.g. agro-industry) and deliberate actions to secure gender-equitable distribution of income, assets and opportunities. Investments in health, education, water, sanitation, social protection, rights and culture - inherent in the human rights based approach - have remarkable socio-economic payoffs, contributing to greater productivity, lower dependency and improved lives for future generations. Tackling inequality is key, with ample evidence that it hampers human development. Investing in children is a long-term investment in sustainable human development. Greater clarity on how inequality and inclusion will be addressed can reassure partners that the *human rights based approach* in the European Consensus on Development *and the EU plan of action on gender equality and women's empowerment in development remain central to EU development policy.*

II. High Impact Development Policy

2.1 Putting “High Impact” cooperation into practice

1. How could the EU and its Member States develop a set of Guidance Instructions on programming and expenditure requiring a certain number of conditions to be met (added value, coordination, impact) for all programmes/projects/support?

Despite setbacks, there has been strong MDG progressⁱⁱ. Evidence on what worksⁱⁱⁱ indicates that:

- National commitment of countries themselves is the single biggest determinant of successful development, hence *aligning external assistance with local strategies* that have been developed in an inclusive manner *offers the greatest potential for impact*;

- Reducing inequalities leads to faster poverty reduction. Conversely, gender, ethnic and other inequalities demonstrably lead to human development losses. *Interventions targeting inequality have a disproportionately positive effect on development for all;*
- Women’s empowerment has large multiplier effects and equal opportunities in economic, legal and political spheres drive development across all sectors. *Putting the EU gender action plan, including gender based budgeting, at the heart of EU development policy offers significant scope to increase impact;*
- Climate change and the MDGs need to be addressed in an integrated way. *The EU could lead the way in bringing a coherent approach to climate change and development policy and financing, respecting commitments for additional non-ODA funds for climate;*
- The development setbacks resulting from conflicts and disasters are well known, as is the cost-effectiveness of investing in prevention. *No-harm principles and disaster risk reduction are important as explicit objectives of an EU development effort.*

2. What are current good practices at EU and Member State level on which to build?

The UN has sought to integrate good practices throughout its responses to the questions posed.

- 3. *How could the diversity of aid flows (from public and private sources, from various policies' external action budgets) be adequately combined, tracked and reported on for maximum impact, accountability and visibility?***

Given overwhelming evidence of the centrality of national ownership to aid impact, the *EU can most usefully use and strengthen national planning, tracking, monitoring and evaluation systems.*

2.2 Growth for human development

The Paper notes many aspects of human development such as food, jobs and rights, yet the questions risk reducing the focus to education and healthcare. They underplay important inter-linkages e.g. between education and skills, income support and labour market policy; access to healthcare and the UN Social Protection Floor for universal access to essential social transfers and services; and the need to tackle violence against women and girls as a key obstacle to girls’ education. The EU has adopted UN commitments to culture as an integral part of MDG achievement that is key to social cohesion, and to make its development cooperation inclusive of persons with disabilities.

- 4. *How can the EU and its Member States best ensure that aid on education and health care becomes more focused, and increases further its impact, effectiveness in terms of human development and growth?***

The EU is strong supporter of the “Education for All” effort for free and compulsory primary education: its continued leadership in mobilizing support and funding remains vital. Evidence shows that rapid progress can be secured when education initiatives come in a sequenced package. Successful programmes often integrate numerous proven interventions, including

abolishing school fees; scaling up infrastructure and use of ICTs; improving teacher recruitment; introducing gender-related interventions such as food and financial incentives, water and sanitation facilities and female teacher recruitment; decentralizing authority; reforming the curriculum; increasing public spending on education; improving sector coordination; and adopting and implementing Sector-Wide Approaches to enhance donor support. The UN Decade of Education for Sustainable Development offers an important umbrella: the *UN welcomes Council conclusions for strengthened cooperation with international organizations in this field*.

The EU is committed to investing in health. To date, international aid and domestic spending have been insufficient to bridge financing gaps in health systems, with priorities such as sexual and reproductive health suffering cuts. Increased domestic spending, combined with more and better international health spending, remains vital. Experience in confronting AIDS and malaria demonstrates that public investments of sufficient scale can leverage private investment and secure visibly faster progress on MDG health outcomes. *The 2010 World Health Report^{iv} makes concrete proposals on how the international community can better support low income countries*. The 2010 Communication on the EU role in global health provides a highly appropriate policy framework for EU-wide efforts to support partner countries promote better health outcomes, strengthen global health equity^v, secure equitable and universal coverage of quality services, and ensure policy coherence for health e.g. on migration, trade, security and climate change. The Communication highlights the kind of process piloted by the International Health Partnership and Related Initiatives as the preferred framework to improve coordination of international support to national health plans. *A next step could be a comprehensive EU institutional and Member State programme of action within the frame of the EU Communication*, to support countries strengthen key health systems components and address communicable and non-communicable diseases, child and women's health and that of vulnerable groups including migrants. This could include *a reinvigorated commitment to the Cairo Plan of Action* and integration of services for AIDS and reproductive health in line with Council recommendations.

5. How should the EU support skills development in partner countries in line with the features and needs of local labour markets, including in the informal sector? How could the EU's global approach to migration contribute in this regard?

EU efforts to address more systematically the linkages between the external dimension of its migration and asylum policy and other policies with a bearing on migration e.g. employment, education, rights and social protection, are welcome. The EU global approach to migration acknowledges these links as well as the need for better skills-matching between migrant workers and jobs, respecting the principles of non-discrimination and participation. The EU can help address some practical obstacles, notably data availability and capacity for analysis. Countries of origin tend to have limited information on labour market needs and availability of skills in different sectors, occupations, and regions, as well as on the impact of migration flows on local labour markets. The EU could support inclusion of migration-related questions in the Labour Force Surveys and build capacity for data analysis. Since an important part of migration flows to the EU take place in irregular circumstances, migrants' skills are often not formally recognized or are under-utilized, leading to potential risks of exploitation and violation of human rights of migrants at destination, but also to skills waste, generating frustration, labour market tensions

and reduced prospects for integration. Pre-departure training and information of rights upon arrival would contribute to matching skills with available jobs, with labour market needs identified in dialogue with social partners as part of a tripartite process. Migration profiles have a contribution: the UN has called for capacity building to enhance data reliability and country ownership of the profiles.

Additional policy responses could include institutional strengthening of public employment services, bilateral agreements on codes of practice for recruitment, treatment and rights protection, exchange programmes for training, schemes for mutual recognition of national qualifications and skills recognition schemes for returning migrants; and skills training for localized labour markets. Mobility partnerships, bilateral agreements and cooperation platforms can be useful tools, as can collaboration at regional level through the economic communities and AU/EU Africa partnership. Since countries need to integrate labour migration issues in national employment, labour market and development policy, relevant ministries, as well as social partners should be included in the dialogue and supported with capacity building.

2.3 Promoting Governance

6. How can the EU adapt its approach, instruments and indicators in support of governance reforms in developing countries/regions?

The European Consensus on Development recognizes that effective accountable and participatory governance in the political, economic, social, cultural and environmental spheres is a key enabler of development. The Council underlined EU commitment to locally-owned development based on international rule of law, recognizing that reform cannot be imposed from outside. The EU has had an important role in strengthening a range of institutions at national and local level. Its future *development policy can usefully reaffirm this approach by approaching governance not just as a condition for aid but as a critically important development area*. Areas that seem to offer particular scope for EU action include the following:

- Base the EU's development actions on *international human rights law*, to further embed international standards in national and local institutions and processes and broaden institutional and civil society knowledge of them;
- Boost national ownership by *facilitating access to policy options* that allow countries to choose their preferred path, South-South cooperation being one important mechanism;
- Encourage *women's participation and representation in decision-making* at all levels;
- *Diversify EU support to non-state actors*, often perceived as service providers, through an "actor-based" approach that builds capacities, in line with the EU's internal approach; this year's 10th anniversary of the International Year of Volunteers offers the opportunity to reinvigorate volunteerism as a tool for fostering inclusion;
- *Continue EU support to Legal Empowerment of the Poor* expanding poor people's access to legal mechanisms;
- *Pool political risk*: The EU often tackles some of the hardest governance challenges in tandem with the UN. Working with the UN provides an impartial platform to address highly sensitive issues, particularly in post-crisis situations.

7. How and to what extent should the EU integrate more incentives for reform into its aid allocation process, for both country and thematic programmes?

International norms and standards provide a sound basis for EU incentives for reform since they constitute commitments and obligations undertaken by the countries themselves. OECD/DAC guidance on reconciling conditionality with broad national ownership, points to the importance of regular high-level dialogue on links between international human rights obligations and development priorities; ensuring government strategies respond to needs of marginalized or vulnerable groups; balancing support to state and non-state actors to strengthen accountability and access for those who have difficulty exercising their rights; and most fundamentally “do no harm” i.e. avoid inadvertently reinforcing societal division. EU incentives for reform can directly support the domestic and mutual accountability commitments of the Accra Agenda for Action by building on shared agendas, monitoring frameworks, and processes for dialogue and negotiation.

8. How should the EU promote sound frameworks to assess and monitor development results achieved by recipient countries?

UN experience suggests assisting governments, statistical offices and civil society to produce, disseminate and analyze gender disaggregated non-ranked indicators reinforces the ability of national stakeholders to monitor performance of governments and hold them accountable. *The EU can promote capacity of countries to make their own assessments and measures, drawing on universal standards and UN guidance^{vi}, thereby boosting domestic accountability.*

2.4 Security and fragility

9. How should the EU tackle the nexus between security and development, especially in fragile and conflict-prone countries, and put greater emphasis on democratic governance, human rights, the rule of law, justice and reform of the security sector, when programming development interventions?

The Lisbon Treaty offers significant scope for the EU to maximize its role across the three pillars of the UN, namely peace and security, human rights and development. Intergovernmental reports addressing the nexus between the pillars cover peace building after conflict^{vii}, women in peace building^{viii} and links between peace keeping and peace building^{ix}. These provide elements for consideration by the EU as does the DAC International Network on Conflict and Fragility where the EU has a strong voice. EU support to Security Council Resolution 1325 is highly welcome.

What emerges is a need for comprehensive approaches focused on the security of individuals not just states, that maximize various entry points and seize early opportunities to set virtuous cycles in motion. International actors must be capable of responding coherently and rapidly to support recurring priorities of basic security, promoting dialogue based on respect of cultural diversity, fostering confidence in political processes, and national capacity building. UN reports identify national and international measures to ensure women’s priorities are addressed, their right to

participation is realized, and public actions are consistent with states' international human rights obligations. Re-thinking development practices in fragile settings requires managing risk, prioritizing actions according to assessments of needs, predictable funding, and adjusting capacity building approaches. Tackling inequality and discrimination is key as a root cause and consequence of conflicts.

The Paper makes little reference to post-crisis economic recovery, which is central to stabilization. So too, resource depletion, environmental degradation and climate change all pose threats to human security. The links between natural resource management, sustainable livelihoods and crisis prevention can be reinforced in post-conflict and post-disaster strategies and programming tools. Mainstreaming environment including climate change in humanitarian action and early recovery in fragile countries could be reinforced in EU crisis-related policies.

Arguably the most underplayed contribution of development lies in advancing prevention. The EU has a highly interesting experience with its Instrument for Stability, which straddles the political/rights/development nexus with flexible funding in response to needs and opportunities. *The EU could consider a financial mechanism dedicated to conflict prevention to scale up current investments in prevention, including in support of transformative interventions likely to require engagement beyond the immediate term, such as:*

- “Infrastructures for peace”, working with institutions and civil society including women’s groups on processes and skills for successful mediation and peaceful resolution of tensions;
- Capacities for conflict sensitive analysis, planning and implementation, ensuring access for all, especially vulnerable, marginalized or discriminated groups;
- Securing accountability mechanisms such as national human rights institutions, to respond to and prevent human rights violations or discrimination, given that rights violations are often a root cause and/or consequence of conflict;
- Supporting national and local capacities to manage land and natural resources in an equitable and inclusive manner, which are often at the heart of destabilizing tension.

10. How could the EU better coordinate with development actions when programming security interventions?

The UN integrates security, political, development, human rights and humanitarian responses in-country through integrated strategic frameworks where there is a political or peacekeeping mission, peace building strategies for countries under the Peace Building Commission, or Development Assistance Frameworks. A number of innovative, field-driven approaches that link humanitarian and development activities to security efforts provide potential for EU participation with the UN. *It is important that EU strategies be articulated with UN strategies in countries.*

Security actors must ensure international humanitarian principles, particularly since in conflicts, neutrality and independence are key to maintain access and deliver aid to people in need. The EU Consensus on Humanitarian Aid clearly states EU humanitarian aid is not a tool of crisis management. *In consolidating the EEAS and new crisis management structures it is important to maintain clear separation between EU humanitarian aid and other EU crisis management tools.*

11. How can the EU best address the challenge of linking relief, rehabilitation and development in transition and recovery situations?

Early recovery efforts to address critical gaps between reliance on external support and self-sufficiency need to begin as soon as possible after the onset of a crisis. At present, they are constrained by limited availability of flexible, reliable, and sufficient levels of funding as donor funds are classified either for humanitarian or development purposes. In transitional situations, *the EU could promote the design of comprehensive financing strategies*, taking account of all different aid modalities and financing instruments, *including all partners*, and looking beyond the immediate term. *In reviewing its own financial instruments, the EU could consider a financial mechanism dedicated to support the transition from relief to rehabilitation and development*, thereby addressing one of the single biggest constraints to LRRD.

2.5 Making coordination of aid a reality

Aid coordination is first and foremost the responsibility of national governments. It is an ever more complex task with new actors and funding modalities. *The EU can support governments by strengthening their systems and capacities to manage aid flows coherently, and to participate in new funding instruments*. There are many good practices of aid information management systems helping countries, including post-crisis, to harness resources behind development goals by providing decision-makers with a more complete picture of resource availability, facilitating greater transparency and accountability, and furthering domestic and mutual accountability.

12. What are the most appropriate manner and structures, legal and practical, to make aid effectiveness and European Country Strategy documents a reality? How can practical effect be best given to the Lisbon Treaty and the Council conclusion of 14 June in that regard?

The international community should align behind national country strategy documents. This does not negate the interesting proposal for the EU to synchronize its own strategies at country level, a process the UN underwent in the 1990s and strengthened under the Paris Declaration.

2.6 Policy Coherence for Development

13. What practical and policy related measures could be taken in the EU to improve Policy Coherence for Development? How could progress and impact be best assessed?

Framing discussion of the future EU development policy beyond aid is particularly welcome given the contribution many internal and external EU policies can make to poverty reduction in third countries. *PCD requires leadership from the highest levels to ensure strong inter-service and EU-wide coordination that embeds a development perspective in policy formulation from its earliest stage*. The EU could usefully identify interventions that offer early returns for developing countries, thereby visibly delivering on its political commitment. The ongoing reform

of the Common Agricultural Policy and the roadmap for implementation of the EU 2020 strategy for smart, sustainable and inclusive growth appear to offer clear potential.

Trade liberalization is an obvious area of EU influence. The Green Paper does not consider the broader context of the multilateral WTO Doha Round, including the Doha Declaration on TRIPS and Public Health. The flexibilities built into the latter, giving countries a legal basis in favor of public policies such as provisioning of medicines to those infected with HIV/AIDS, should not be undermined by bilateral agreements. Even without full multilateral agreement, the *EU can promote an “early harvest” for LDCs* which could include encompassing existing duty/quota-free access to EU markets not only as a discretionary preferential initiative as now, but part of multilateral trade law, extension of trade facilitation support, and agreement on non-patenting of biological resources which would give the Nagoya Biodiversity Summit outcome real traction.

The *EU can exert international leadership* in follow-up to the call of the 2010 Global Forum on Migration and Development for *improved migration policy coherence*. Systematic assessment of implications for migrants of EU policies would help leverage their considerable potential for development, taking account of different needs of those involved. While *migration and climate change* are part of the EU PCD work programme, *inter-linkages could be further developed given potential displacement due to climate change*, the importance of minimizing forced migration, addressing it coherently with humanitarian support when it occurs, and demonstrating potential benefits of migration as a possible adaptation response.

Human rights are of intrinsic importance. The EU Member States have ratified almost all UN human rights conventions including on economic and social rights, core labour standards and social governance, and rights of persons with disabilities, the missing piece being the UN convention on rights of migrant workers and their families. Externally, the EU uses many avenues to promote respect for all human rights. The impact of its actions can *be enhanced by linking its development assistance to findings of UN human rights mechanisms (UN Treaty Bodies, Special Procedures and the Universal Periodic Review) as well as the EU dialogues* in order to address shortcomings identified with capacity building for public authorities and non-state actors, thereby increasing coherence between EU development and human rights policies.

III. Development Policy as a Catalyst for Inclusive and Sustainable Growth

3.1. Partnerships for inclusive growth

The emphasis in the Green Paper on economic and business dimensions of growth is important but alone will not deliver *inclusive* growth. Indeed, the EU’s own internal policies reflect that *economic, employment, social and environmental policies go hand in hand*, and are a productive investment. Renewed international attention to employment including skills and sustainable enterprise, social protection, rights at work and social dialogue was facilitated by the 2005 global consensus on decent work and fair globalization, and boosted by responses to the global economic crisis such as the UN Global Jobs Pact and Social Protection Floor endorsed by the G20. Practice shows that integrated approaches are more effective than isolated actions. Over 80 developing countries have national employment and social policy agendas as part of their

national development strategy. South-south cooperation directly contributed to the promotion of now internationally-agreed initiatives such as the protection floor.

14. How and to what extent should EU aid support industrial investment projects in developing countries and how can the correct balance be made between developing extractive/energy interests and promoting post extractive and industrial sectors?

Criteria driving EU decisions on its support to industrial investment with development aid will necessarily include the contribution it makes to human development, including decent work and environmental sustainability. The 2009 Industrial Development Report^x points to high potential for explosive growth in the manufacturing sector in many developing countries, with demonstrable impact on employment including for women, and poverty reduction. The Report highlights the transformative potential of industrial development on low-income countries previously outside the expanding web of production and trade linkages brought about by globalization, finding opportunities for the “bottom billion” in new niches. It highlights challenges to the “breaking-in” problem, namely how to surmount a threshold below which industry is uncompetitive, and the important role of complementary public action and investment in infrastructure and institutions. The EU has considerable scope to address the recommendations, particularly given its support at country, sub-regional and regional levels. In this regard, strengthening the capacity of regional economic communities to establish viable markets, ensure rational allocation of resources, harmonize rules and policies at the regional level, are important components of the business environment.

In the balance to be struck between economic diversification and reliance on raw materials or commodities, for resource rich countries, the Extractive Industries Transparency Initiative at the international level may be complemented by voluntary standards to ensure the transparent management of commodity revenues (including resource extracting contracts) to benefit the population through investments in infrastructure and education that support manufacturing success. For less resource-rich developing countries, labour intensive sectors such as agriculture, agri-business, construction or manufacturing have greater potential.

The variety of possible EU support to industrial private sector development can include: industrial governance and advice; creation of SME incubators; development of industrial clusters and export consortia; quality/compliance infrastructure and industrial modernization; entrepreneurship development (including youth and women’s entrepreneurship); integration of local manufacturing sector into global or domestic value chains; and promotion of quality foreign direct investment as a driver of domestic industrial SME development.

15. How can the EU ensure that support to economic development guarantees fair social inclusion of the benefits and provide better protection of social and economic rights, including implementation of core labour standards, and better corporate accountability?

EU policy can be most effective when maximizing links between economic, employment, social and environmental policies based on international standards. *Such integrated approaches require adjustments in EU development policy and programming to better connect support to*

employment, social protection, and governance. EU support to decent work country programmes can help address this. Assistance could be extended to the various components of employment, sustainable enterprise, social protection, skills development, social dialogue and rights at work, supported by encouragement of governments to incorporate employment and social policy agendas as part of the national development strategy.

The UN welcomes the attention to corporate social responsibility as a complement to legislation and its enforcement. This can be based on internationally-agreed CSR instruments already reflected in EU policy. The UN Global Compact has fostered a broad uptake of CSR by the global business community, matched by country level private-public partnerships. The *UN welcomes EU efforts to serve as a good example of the Protect, Respect, Remedy framework^{xi}*, a global reference for the differentiated duty of states and responsibilities of companies to respect and protect human dignity and rights in the workplace.

16. Which measures should be taken – and how should they be best differentiated – to assist developing countries' efforts in establishing an economic environment that is apt to promote business, particularly SMEs?

A thriving SME sector, essential to inclusive growth, is contingent upon sound policies, an enabling business environment, and effective institutional support. Measures directly connected to SME competitiveness include: (a) Strengthening external competitiveness: national policies for SME development, including a legal and financial framework; upgrading institutions supporting SME development - technical centres, investment promotion agencies, quality/compliance infrastructure, business centres; and identification and strategic positioning of priority sectors; (b) Strengthening internal competitiveness: Diagnosis for modernization of SMEs at enterprise level (needs assessment in strategic components of the enterprise); technical support, coaching and targeted training for the implementation of modernization investments.

Experience points to the significant contribution of cooperatives and social economy enterprises to economic and social objectives. Cooperatives employ millions of women and men across the world and have a proven capability to deliver sustainable livelihoods. Through their varied activities, they contribute not only employment but also investment, financial intermediation, social services and human resource development. The appropriate political and regulatory framework for cooperatives is a vital component of an inclusive economic environment. Improving access to micro-finance has also proved critical for their success.

17. Which measures or structures might be developed with partner countries, and European and international financial institutions to provide financial support and where necessary low cost finance and financial guarantees to support such growth?

Access to financial services needs to be addressed holistically. A structural approach to finance is necessary for industrial modernization, including the development of rural agribusinesses, for example, as a potential mainstay of rural economies in poor countries. Such structural funding can be utilized to stimulate and leverage private investment as well as to establish solid

institutions that support the private sector, particularly SMEs. The development of microfinance has also played an important role in enhancing the inclusivity of financial systems.

18. Which instruments could the EU use to promote creativity, innovation and technology transfer and ensure their viable applications in developing countries?

Technology diffusion is closely linked to investment and joint ventures. Innovation can be stimulated through the adaptation of curricula and innovative consortia between universities, industry and other partners, as promoted by the Commission research framework. A variety of instruments exist, including the UN investment and technology promotion network in 20 countries; national resource efficient and cleaner production centers in 45 countries; and south-south technology centers in renewable energy and global biotechnology networks. The role of culture in fostering creativity and sustainable development can be emphasized, in accordance with the UN Convention on protection and promotion of diversity of cultural expressions.

3.2. Fostering regional integration; continuing to ensure trade for development

19. How can the EU's experience better inform regions seeking to strengthen their integration?

The European project is naturally looked to as *the* model from which to learn. Notwithstanding the fact that integration models need to be adapted to local conditions and aspirations, regional economic communities look to the EU for support to strengthen regional markets, including to:

- Assist further with the harmonization of quality, rules and standards as one of the key elements for a common market and as a precondition for functional regional markets;
- Foster intra-regional convergence in productivity by assisting the upgrading of certain sectors and economically weaker regions (with a focus on relevant, labour intensive sectors);
- Deliver technical assistance that aims at provision of public goods such as information, capacity, and infrastructure that provide a key basis for a well-functioning regional market.

20. What can be done to ensure more consistency between the EU's trade and development policies?

The question is highly welcome, not least since EU trade policies have enormous impact on the international policy frameworks. As the EU is aware, while one of the most open markets in the world, specific limitations still create obstacles for poor countries. These include stringent rules of origin, tariff peaks for a number of products of export interest for LDCs, and non-tariff barriers including standards, which, while they can be totally legitimate, nevertheless represent obstacles. *The single biggest contribution the EU can make is to help bring the WTO Doha Development Round to a successful conclusion.* Q 13 includes proposals for EU action in the absence of a multilateral trade agreement.

Analysis of the interaction between EU trade policies such as the General System for Preferences and GSP plus, and UN Conventions repeatedly reveal inconsistencies that EU Communications

have highlighted and announced the intention to address. *EU capacity building support to address deficiencies identified through the GSP process would reinforce the centrality of human rights considerations in a constructive manner. Greater guidance on gender and human rights considerations in EU sustainable impact assessments conducted prior to conclusion of trade agreements would help to avoid eventual negative impact of EU trade provisions.*

For developing countries, trade liberalization is unlikely to be sustainable without some form of *social protection, which is recognized as a cost effective non-trade distortive protection system in an open trade regime.*

21. How to improve the aid for trade provisions in order to make maximum use of its leveraging potential for expanding sustainable economic activities in the developing countries, leading to further growth?

The EU is commended for its lead in providing aid for trade (AfT) which is a proven tool for enhancing productive capacity and export potential, with an important social adjustment function. The UN and the EU share the concern that the LDC share of AfT remains unacceptably low. The Enhanced Integrated Framework is the only globally-managed funding mechanism, to which the EU is a major donor; its resources remain insufficient to meet LDC needs. As a result of the *ad hoc* funding of AfT and limited country capacity for the preparation of projects, findings of trade diagnostics and country trade needs assessments are frequently not implemented. The EU is urged to continue and expand its support to the Integrated Framework and also consider promoting nationally-managed funds that support trade sector-wide approaches in countries. The EU could also support more structured dialogue with partner countries and regions at a technical and political level (as with the EU-Africa Partnership on Regional Integration and Trade) to raise understanding of AfT with a view to formulating regional packages of support and generating wider support to country-owned trade needs assessments as an integral part of national development strategies.

IV. Sustainable Development A New Driver

4.1. Climate change, biodiversity and development

22. Given the close inter linkage between climate change, biodiversity, and development, and given the new opportunities offered by climate finance and the markets, how can the mainstreaming of climate adaptation as well as disaster risk reduction into the EU's development policy be strengthened in order to ensure more climate resilient and sustainable economies, as well as forest and biodiversity protection?

The UN welcomes the political will of the EU to place sustainable human development at the core of EU development and climate change policies which is in line with the front-runner role it has played in international environmental governance and policy, often leading in UN multilateral negotiations. The EU role in the run-up to the Earth Summit in 2012 will be crucial.

Ensuring environment and climate change are systematically addressed both in the formulation and implementation of EU policies and strategies.

In line with EU global commitments to MDGs and environment, and to PCD, emphasized in the European Consensus on Development, the EU can boost implementation of environment and climate change mainstreaming in other EU policies such as economic growth, energy, education, employment, social affairs, industry, agriculture, trade, gender, security, migration, public health, and research.

Synergies and complementarity could be enhanced in the following ways:

- Supporting adaptation with mitigation as essential components of climate change policy for developing countries, as stated in the EU action plan on climate change and development;
- Conducting a comprehensive analysis of the linkages between ecosystem management, climate change, disaster risk reduction, migration and displacement implications of climate change in Country Environment Profiles of the Commission and Member States; supporting migration-sensitive adaptation measures to help to reduce migration pressures;
- Taking full consideration of the external dimension of the EU 2020 Strategy - As the EU spearheads a resource efficient low carbon economy for Europe, requiring EU technology, development, trade and environment policies to be mutually reinforcing.

Placing ecosystems and the services they provide at the center of sustainable development, climate change mitigation and adaptation, and disaster risk reduction efforts; this will result in multiple positive benefits to developing countries.

Evidence shows that ecosystems provide a winning link between mitigation, adaptation and long term sustainability. They play an unequivocal role in both ecosystem-based mitigation (carbon sequestration and storage) and ecosystem-based adaptation (resilience against the impacts of climate change). Protecting ecosystems provides multiple benefits, directly through sustainable management of natural resources and indirectly through protection of ecosystem services. The agreement in Nagoya in 2010 to increase protected areas by 2020 gives scope to leverage opportunities for multi-benefit approaches that impact on climate stabilization, adaptation, risk reduction and socio-economic development. Emerging interventions that combine preserving biodiversity with carbon storage and sequestration, provision of clean water, drought and flood risk reduction, provision of timber and non-timber forest products, and opportunities for nature-based tourism, can be reviewed with a view to their replication.

Ensuring mainstreaming of environment, climate change and disaster risk reduction in national development strategies, as part of the same effort

The EU could play a major role in strengthening national environmental governance, including through capacity building of national and sub-national governments to formulate, finance, and implement low-emission, climate-resilient development strategies to support the transition to low carbon green economies and green jobs^{xiii} as well as disaster risk reduction strategies. This may

include capacities for climate analysis, risk and impact identification, institutional and policy reconfiguration, and decision making support to manage the risk of climate variability and change, inter alia. Regarding climate finance, developing countries need support to identify, access, blend and sequence various financial sources to develop synergies between climate change, biodiversity, disaster reduction and development, and notably capacity building to operate in the highly sophisticated climate change financing market. This includes brokering and building development countries' capacities to participate in the carbon markets.

Reducing the risk and increasing resilience to natural hazards can have multiplier effects that accelerate MDG achievement and implementation of the Hyogo Framework for Action 2005-2015. Mainstreaming disaster risk reduction into sustainable development policies implies: identification of root causes of risk in terms of hazards, exposure and vulnerability of populations and infrastructure; promotion of multi-hazard approaches to address all major disaster risks; sustained awareness raising and in-country capacity building at community and institutional levels; and building on existing experiences, capacities, mechanisms, and lessons.

With the new EU strategy for supporting disaster risk reduction in developing countries in place, it will be important to ensure the issue remains a priority in country strategy and programming processes, and that dedicated financial support for DRR interventions is available. In line with the Hyogo Framework, addressing the link between environmental management and disaster risk reduction within this new strategy will be a priority since DRR approaches to building resilience offer concrete opportunities for adaptation measures. The EU could more systematically use recovery processes for the promotion of DRR within the new EU institutional structures, including building on the EU-UN-World Bank partnership on post disaster needs assessment.

4.2. Energy and development

23. How can the EU best act to support developing countries' efforts to secure sustainable energy for all their citizens? What role might, for example, an EU-Africa Joint Programme to progressively provide sustainable electricity to every citizen, combining development and climate change funding and leveraged loans from Development Financial Institutions?

The multi-disciplinary Advisory Group to the UN Secretary General on Energy and Climate Change^{xiii} identified the objective to achieve universal access to modern energy while decreasing energy intensity by 40% by 2030. Significant national and international public finance will be needed to catalyze and leverage private sector investment. The World Energy Outlook 2010^{xiv} states some US\$ 36 billion per annum is needed to achieve universal energy access. Expanded resources are critical to meet capital requirements but also to strengthen national capacities for delivering rural energy access. The EU can support the Cancun Green Climate Fund, and ensure earmarked funds for sustainable energy development and utilization, technology development and transfer, in order to secure implementation of the Technology Mechanism under the UNFCCC. It can also support countries' ability to identify an appropriate blending of grants and loans in conjunction with existing mechanisms like the Global Environmental Facility.

EU support can also facilitate:

- Integration of energy access in national development strategies: technical cooperation and climate financing can usefully target the pre-investment phase, helping governments to put in place effective national strategies to improve energy access and tackle barriers; and to develop legal and regulatory environments conducive to centralized and decentralized off-grid systems. National strategies should create a predictable long-term policy environment for investment.
- Transfer of technology: the EU can support the development, diffusion, transfer and absorption capacity of pertinent sustainable energy technologies and know-how through targeted technical assistance on industrial energy systems that foster energy efficiency and support systematic integrated capacity-building, technology development and transfer efforts on energy security, and south-south cooperation. It can usefully promote the scaling up of research and innovation in the field of energy utilization.
- Support to the set-up and enhancement of energy-related institutions for scaling up energy delivery: rural energy centers, district energy committees, and community organizations are crucial for expanding access to modern energy services and decentralized off-grid energy systems. Setting up climate technology and training centers and networks, agreed under the UN Convention, could boost inter- and intra-regional cooperation and capacity building.

V. Agriculture and Food Security

24. How can the EU's development policy best contribute to enhanced food security while safeguarding environmental qualities? Which policies and programmes are most conducive for smallholder and private sector investment in agriculture and fisheries?

The EU Food Facility demonstrates the commitment of the EU to improve food security through sustainable agricultural production. *Techniques tested through the Facility* resulted in a number of proven good practices that *need investment to be scaled up*, including innovations in procurement practices that enhanced food security by stimulating production e.g. direct purchase from farmers' associations, and forward contracting to provide price guarantees and reduce uncertainty.

More broadly, food security requires long-term development of agriculture, which can only happen with agribusiness and agro-industry, as recommended in the African Agri-business and Agro-industries Development Initiative under the 2010 Abuja Declaration. States, donors and private sector operators need to act collectively to make rural agribusinesses viable. States can support the right policy environment. The private sector, including buyers, can improve the ability of smallholders to access to markets through investments and through measures that incorporate rather than exclude smallholders. In addition to countries' own investment in agriculture, investments by the international community are needed in research and development of new technologies to enhance productivity and intensify production, in natural resource management to conserve the environment while increasing yields and in support for rural

infrastructure as a crucial element in the value chain approach – including last-mile roads, electrification, post-harvest facilities, support to rural institutions, such as associations and cooperatives, and access to land and irrigation facilities.

25. Which strategic areas should the EU engage in, particularly with respect to Africa? How can the EU stimulate agro-ecological approaches in farming and sustainable intensification of agriculture, sustainable fishing and aquaculture?

The EU and African Union placed agriculture and food security high on the agenda of their partnership and agreed to intensify cooperation within the framework of their Comprehensive African Agriculture Development Programme. Within the context of its national and regional compacts, emphasis could be put on development of ecologically-efficient agricultural intensification for small farmers. Areas of cooperation might include: expansion of organic agriculture, water-use efficiency (through irrigations systems), conservation agriculture, and integrated pest management systems, participatory plant breeding, integrated weed management, agro-forestry, combined management of crop-livestock systems, and diversified and integrated food energy systems. Given the vulnerability of many parts of Africa to climate change, and its implications for food security, *climate change adaptation efforts should target production of plant varieties and animal breeds better adapted to changing ecosystems*. Conservation agriculture should be promoted, which increases carbon sequestration. The production of bioenergy under appropriate conditions could help raise rural income, provided prudent policies and regulations are adopted that can balance food security and large-scale biofuel production.

26. How should the EU support the fight against malnutrition?

Most deaths from hunger take place outside emergency contexts. The UN 2010 Updated Comprehensive Framework for Action on the global food security crisis provides a common strategic framework for the UN and IFIs on food and nutrition security, which is relevant for EU action. The European Commission's 2010 Communication on humanitarian food assistance and food security addresses a number of its key objectives including increasing food availability and access in developing countries, and improving nutritional adequacy of food intake.

Weak accountability in food and nutrition security has been recognized as a principal issue in food insecurity. Assistance needs to tackle the legal basis for food access, including questions of land ownership and leasing. A number of countries are introducing systems to secure realization of the right to food, including legal frameworks, and mechanisms for monitoring and redress in case of policy failure. The UN Comprehensive Framework can guide EU support to remedial mechanisms, both administrative and judicial, tackling discrimination and securing participation of vulnerable and marginalized groups. The European Council called for an acceleration of progress on tackling hunger and improving nutrition by scaling-up EU funding for programmes addressing chronic and acute malnutrition, and invited the Commission to present a Communication on nutrition. *The UN welcomes early follow-up on these recommendations*.

The UN-EU Partnership

The EU remains a close and vital partner to the work of the United Nations, which is also underlined in the Lisbon Treaty. We currently work together in humanitarian and development cooperation in over 100 developing and transition countries across the world. An independent evaluation^{xv} in 2008 pointed to the value added for the EU in working with the UN. The UN impartiality and legitimacy makes it an appropriate platform from which to address sensitive issues of development; through its UN partnerships, the EU has enhanced its access to the national policy dialogue; and UN coordination of multi-donor, multi-stakeholder efforts reduces transaction costs on partner countries. The UN offers unique global mandates, technical and thematic expertise, and its worldwide operating capacity including where the international community had no infrastructure. The evaluation highlights that by working together, the UN and the EU have achieved more than each could have done without the other. The specificity of the UN-EU partnership lies in a combination and integration of a policy dialogue, programmatic cooperation, and joint development of tools, methodologies and approaches, often in support of the broader international community. Annual reports on results of the EU-UN partnership are produced by the UN Brussels Team. The United Nations looks forward to continuing and further deepening its close partnership with the institutions of the European Union.

END NOTES

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ⁱⁱ UN Secretary-General Millennium Development Goals Report, UN 2010

ⁱⁱⁱ International assessment on what will it take to achieve the MDGs, UNDP 2010

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^{vii} Report of the UN Secretary-General on peace building in the immediate aftermath of conflict, UN 2009

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^{xiii} UN Secretary-General’s Advisory Group on Energy and Climate Change: Energy for a sustainable Future, UN 2010.

^{xiv} Energy poverty: How to make modern energy access universal? Special excerpt of the World Energy Outlook, IEA, UNDP, UNIDO, 2010

^{xv} Evaluation of the European Commission’s external cooperation with partner countries through the organizations of the UN family 1996-2006, European Commission, 2008