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EUROPEAN PARLIAMENT AND THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE**

**Policy Coherence for Development**

**Accelerating progress towards attaining the Millennium Development Goals**

{SEC(2005) 455}

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## 1. POLICY COHERENCE FOR DEVELOPMENT

Better development cooperation, including more finance and improved aid delivery, is extremely important, but in itself not sufficient to enable the developing world to reach the Millennium Development Goals (MDGs) by the year 2015. It is generally acknowledged that the effective improvement in the coherence of developed countries' policies<sup>1</sup> would put developing countries in a much better position to achieve the MDGs.

Against this background, the Council decided that the common structure of the national MDG reports and the EU synthesis report should contain a separate section on **policy coherence for development**<sup>2</sup>. European Council conclusions of June 2004<sup>3</sup> reiterated that the EU 'will strongly support UN attempts to accelerate progress towards the achievement of the Millennium Development Goals'. With reference to this commitment, the Council conclusions of November 2004<sup>4</sup> welcomed the Commission offer to "prepare specific and ambitious proposals for action on the way towards 2015 in the areas for finance for development, policy coherence for development and focus on Africa".

This Communication presents the Commission proposals on the subject of policy coherence. The other two elements mentioned in the Council conclusions (finance for development and focus on Africa) are discussed in separate Communications<sup>5</sup>. Together they provide the package of Commission proposals for an EU contribution to the MDG Review at the UN High Level Event of September 2005.

The EU commitment towards policy coherence is not only a key political commitment in the context of the MDGs. It also has a firm **legal basis** in the EC Treaty (Art. 178). The new EU Constitution<sup>6</sup> upholds this commitment to coherence in even stronger terms (Art. III - 292, Art. III - 316).

Within the broad context of EU policy making coherence is a multidimensional commitment which needs to take place within the overall framework of the EU sustainable development strategy. Non-development policies should respect development policy objectives and development cooperation should, where possible, also contribute to reaching the objectives of other EU policies. In general – and including in the context of the forthcoming development policy review - this broad definition applies. However, within the specific framework of this Communication a more targeted approach is adopted. When exploring ways to accelerate

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<sup>1</sup> The OECD has proposed to define the concept of policy coherence for development (PCD) as follows: 'Policy Coherence for Development means working to ensure that the objectives and results of a government's development policies are not undermined by other policies of that same government which impact on developing countries, and that these other policies support development objectives where feasible

<sup>2</sup> Common structure for reporting to the 2005 MDG Millennium Development Goals (MDGs) stocktaking exercise, approved in June 2004.

<sup>3</sup> The European Council furthermore confirmed that 'The Union must continue to strengthen its leadership role in the fight against global poverty', Conclusions European Council, June 2004.

<sup>4</sup> GAERC Conclusions, November 2004.

<sup>5</sup> 'Accelerating progress towards achieving the Millennium Development Goals - The European Union's contribution' - COM(2005) 132; and 'Financing for Development and Aid Effectiveness' - COM(2005) 133.

<sup>6</sup> The Treaty establishing a Constitution for Europe has been signed in Rome on 29 October 2004 and shall enter into force on 1 November 2006 if all Member States have ratified it.

progress towards achieving MDGs the EU is committed to look beyond the frontiers of development cooperation, and consider the challenge of how **non-aid policies can assist developing countries in attaining the MDGs.**

The impact of EU non-aid policies on developing countries should not be underestimated, and neither should their potential to make a positive contribution to the development process in these countries. EU policies in areas such as trade, agriculture, fisheries, food safety, transport and energy have a direct bearing on the ability of developing countries to generate domestic economic growth, which is at the basis of any sustained progress towards the MDGs. EU migration policy, through its impact on migrant remittances flows, has an influence on the balance of payments position of many developing countries. EU environmental policy not only directly affects global progress towards ensuring environmental sustainability (MDG7), but has consequences for virtually all other MDGs, through the close links between environment and poverty, natural resources access and management, the role of women, health, child mortality and school attendance. EU policies on research and information society have great potential for improving access to health and education in developing countries. EU approaches towards globalisation and fragile states are essential to creating a conducive political context for attaining the MDGs. All these EU policies should furthermore have a proper gender equality perspective, to avoid them losing half of their potential impact. And they should be embedded in a stable and secure environment, as there can be no development without peace and security; and no peace and security without development.

As part of a comprehensive “better regulation package”<sup>7</sup>, the Commission has introduced in 2002 the tool of Impact Assessment, applicable to all major proposals envisaged by its services. It contributes to improved coherence of measures under preparation, as it associates all relevant Commission services to the analysis, and consults potentially affected stakeholders as regards different scenarios for the policy goals to be achieved.

## 2. COHERENCE COMMITMENTS

In reply to the Council request to look at options in the area of policy coherence, the Commission has identified **priority areas**, where the challenge of attaining synergies with development policy objectives is considered particularly relevant. All these areas have a direct relationship with one or more MDGs. They are either at the core of an MDG (trade, environment) and/or have the potential to contribute to them.

For each of these priority areas the Commission has defined general orientations, or ‘**coherence for development commitments**’, that would contribute to a possible acceleration of progress towards the MDGs, provided also that – at the level of developing countries - the right policies and adequate governance and satisfactory progress towards full respect for human rights are in place. In all these policy areas, a gender equality perspective will be taken into account.

The Commission invites Council, European Parliament and the European Social and Economic Committee to confirm its acceptance of these commitments, as a **joint engagement** of the EU and its Member States towards improved coherence, and a substantial EU contribution towards the MDGs.

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<sup>7</sup> COM(2002) 278.

## EU Coherence for Development Commitments

**Trade:** The EU is strongly committed to ensuring a development-friendly and sustainable outcome of the Doha Development Agenda and EU-ACP Economic Partnership Agreements (EPAs). The EU will further improve its Generalised System of Preferences, with a view to effectively enhancing developing countries' exports to the EU. The EU will continue to work towards integrating trade into development strategies and will assist developing countries in carrying out domestic reforms where necessary.

**Environment:** The EU will lead global efforts to curb unsustainable consumption and production patterns. The EU will assist developing countries in implementing the Multilateral Environmental Agreements (MEAs), and will work to ensure that the capacities of developing countries are taken into account during MEA negotiations. The EU will continue to promote pro-poor environment-related initiatives and policies.

**Security:** The EU will treat security and development as complementary agendas, with the common aim of creating a secure environment and of breaking the vicious circle of poverty, war, environmental degradation and failing economic, social and political structures. The EU will enhance its policies in support of good and effective governance and the prevention of state fragility and conflict, including by strengthening its response to difficult partnerships/failing states. The EU 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. The EU will promote cooperation in fighting corruption, organised crime and terrorism.

**Agriculture:** The EU will continue its efforts to minimise the level of trade distortion related to its support measures to the agricultural sector, and to facilitate developing countries' agricultural development.

**Fisheries:** The EC will continue to pay particular attention to the development objectives of the countries with which the Community will engage into bilateral fisheries agreements. Within the context of the new EC policy on fisheries partnership agreements with third countries which is being implemented since 2003, the EC will continue to encourage the conclusion of fisheries agreements in order to contribute towards rational and sustainable exploitation of the surplus of coastal States' marine resources to the mutual benefit of both parties.

**Social dimension of globalisation, employment and decent work:** The EU will contribute to strengthening the Social Dimension of Globalisation with a view to ensure maximum benefits for all, both men and women. The EU will promote employment and decent work for all as a global goal.

**Migration:** The EU will promote the synergies between migration and development, to make migration a positive factor for development.

**Research and innovation:** The EU will promote the integration of development objectives, where appropriate, into its RTD and Innovation policies, and will continue to assist developing countries in enhancing their domestic capacities in this area.

**Information society:** The EU will address the digital divide by exploiting the potential of Information and Communication Technologies as a development tool and as a significant resource for attaining the MDGs.

**Transport:** The EU will address the special needs of both land-locked and coastal developing countries by promoting the intermodality issues for achieving network interconnectivity as well as security and safety issues.

**Energy:** The EU is strongly committed to contribute to the special needs of developing countries by promoting access to sustainable energy sources and by supporting establishing interconnection of energy infrastructures and networks.

### 3. TURNING EU POLICY COMMITMENTS INTO ACTION

To a considerable extent the above coherence commitments already steer EU policies. A lot of action has already been undertaken, and many new actions have already been planned.

What provides the *raison d'être* for this Communication, is that these commitments and actions are assessed within the framework of global efforts to achieve the MDGs. By recognizing that these policy objectives should be considered as Coherence for Development Commitments in the context of the MDGs, the EU reconfirms and strengthens its engagement to effectively deliver on these orientations, against the background of the given MDG timeframe between now and 2015.

This chapter lists the main actions and considerations that underpin the EU Coherence for Development Commitments.

#### 3.1. Trade

Trade policy is a powerful tool that contributes to MDG objectives such as poverty reduction and sustainable development. This section looks in particular at commitments and actions at the multilateral, bilateral and unilateral level. The issue of Trade Related Assistance (TRA) is covered in more detail in the 'Financing for Development' Communication.

##### 3.1.1. Doha Development Agenda (DDA)

The EU is strongly committed to ensuring a development-friendly and sustainable outcome of the Doha Development Agenda.

The EU has been a major proponent of making development the key issue in the ongoing round of WTO negotiations. The EU has made a substantial concession to getting the DDA back on track by committing to phase out its export subsidies as long as all forms of export subsidisation are eliminated.

- The DDA end-result should provide for improved market access for agricultural and industrial goods as well as services, which will provide benefits for developing countries, as well as stronger multilateral rules.
- New commitments and rules should provide the necessary flexibility (Special and Differential Treatment (SDT)) for developing countries, notably the LDCs and the small and vulnerable economies.
- In the area of industrial tariffs, the EU commits itself to full elimination of all remaining tariff escalation, high tariffs and tariff peaks, as well as a sectoral liberalization by all WTO members on products of interest for developing countries, bringing duties on textiles, clothing and footwear as close as possible to zero
- With reference to the EU 'Everything but Arms' initiative, the EU will pursue its efforts to persuade other developed countries to follow up on their commitments towards LDCs,

made at the LDC III Conference (Brussels 2001) to grant duty and quota free treatment to all LDC exports, as well as to encourage the more advanced developing countries to increase South-South market access on a multilateral basis.

- The EU also acknowledges the need to take into account in the negotiations the legitimate concerns faced by developing countries in relation to trade adjustment, including those resulting from the erosion of preferences. The EU will assess through its Sustainable Impact Assessment (SIA) the differentiated impact of trade liberalisation amongst developing countries.
- The EU will work for an outcome in the services (GATS) negotiations that provide meaningful new market access opportunities in sectors and modes of supply important for developing countries, including GATS Mode 4 (dealing with foreign service supply through the temporary movement of natural persons). The outcome of the negotiations should respect the right of developing countries to safeguard public services, and should promote access to technology and opportunities for investments in key infrastructure services such as telecommunications, transport, energy and water-related services, as well as in financial services.
- The EU is determined to give full effect to the Doha Declaration on TRIPS and Public Health and the related WTO Decision of 30 August 2003, and will support developing countries in the implementation efforts as part of the strategy to facilitate access to affordable medicines.
- The EU is ready to support the introduction of a system that would oblige patent applicants to disclose the source of genetic resources and associated traditional knowledge.
- The EU will support further strengthening of WTO rules, particularly in the areas of anti-dumping and fishery subsidies which are of particular interest to developing countries.
- The EU is committed to ensuring the development of customs and trade facilitation measures in developing countries through the DDA agenda. Simpler procedures could facilitate developing country exports, ease transit for landlocked countries and improve revenue collection.
- The EU is the main driver in the WTO trade and environment negotiations, which inter alia would involve the liberalisation of trade in environmental goods and services and clarification of trade rules in relation to the environment.

### 3.1.2. *Bilateral and unilateral measures*

The EU is strongly committed to ensuring a development-friendly and sustainable outcome of the EU-ACP Economic Partnership Agreements (EPAs) (as well as the negotiations with Mercosur & Central America, the Andean Community and the Mediterranean region).

The EU will further improve its Generalised System of Preferences, with a view to effectively enhancing developing countries' exports to the EU.

The EU will continue to work towards integrating trade into development strategies and will assist developing countries in carrying out domestic reforms where necessary.

- The EU will work towards concluding the negotiations for Economic Partnership Agreements (EPAs) with all six ACP regions by 2007. Promoting South-South trade, strengthening regional markets and integration are the prime objectives of this process. Negotiations will take sustainable development aspects into account on the basis of Sustainability Impact Assessments.
- Implementation of the EPAs will be supported by development cooperation, in particular through reinforcing supply-side capacity and competitiveness. In this context, the EU will monitor the roll-out of EPA related assistance. EPAs will lock-in reforms in key areas such as investment, customs and trade facilitation, taxation, employment, social and environmental policies.
- The EU is committed to addressing agriculture as a key area in the EPA negotiations. Access for ACP agricultural products to the EU market will be part of the talks. The EU has proposed that ACP market openings will be asymmetrical and progressive. Sufficient transition periods will be granted which may extend beyond ten years depending on the development needs of the ACP. In addition, flexibility will be guaranteed by introducing appropriate safeguard and food security clauses.
- The EU is about to conclude its review of the tariff preferences that it grants under the Generalised System of Preferences (GSP) on an autonomous basis. The new GSP for 2005-2008 will target countries most in need and will be simpler, more transparent and stable. Moreover, it will provide additional tariff preferences to encourage sustainable development and good governance. The EU is also examining possibilities for simplification and appropriate relaxation of the rules of origin applied in its preferential trade regimes to target them better to the needs and constraints of developing countries.
- To strengthen developing countries' capacities to seize improved trading opportunities, the EU will continue to work towards integrating trade into its development strategies, and will assist developing countries in carrying out the necessary domestic and structural reforms to address supply side constraints and adjustment costs.

### 3.2. Environment

It is generally recognised that the world is far from being on track on MDG7, which aims to ensure environmental sustainability. More needs to be done to take environmental concerns into account if the Millennium Development Goals, including MDG7, are to be reached.

#### 3.2.1. Sustainable consumption and production

The EU will lead global efforts to curb unsustainable consumption and production patterns.

The challenge for the EU is first of all to address the impact of its own production and consumption patterns on the global environment (the EU's "footprint"). Economic growth needs to be de-coupled from environmental degradation. A broad mix of policies and tools to promote sustainable consumption and production, addressing both the supply and the demand side, is already in place in the EU.

- The EU is committed to developing a 10 year framework of programmes on sustainable consumption and production, globally and at home. The upcoming thematic strategy on the sustainable use of natural resources will also contribute to this objective.

- Efforts to reduce the EU global footprint must be pursued and strengthened, especially in sectors where trends are worsening.

### 3.2.2. *Multilateral Environmental Agreements (MEAs)*

The EU will assist developing countries to implement the MEAs, and will work to ensure that the capacities of developing countries are taken into account during MEA negotiations. The EU will continue to promote pro-poor environment-related initiatives and policies.

In the context of Multilateral Environmental Agreements developing countries are taking on important obligations. The EU provides significant resources to help these countries to implement their commitments and understands the need for MEAs to evolve over time as developing countries gain experience and the capacity needed to fulfil their obligations.

- Developing countries are particularly vulnerable to climate change. Global efforts to reduce climate change - a priority for the EU - directly benefit them. The Clean Development Mechanism under the Kyoto Protocol should also bring substantial benefits to developing countries by increasing resources for sustainable development.
- The EU aspires to a leading role in the implementation of the Convention on Biological Diversity (CBD) and the World Summit on Sustainable Development (WSSD) target on biodiversity. The EU should enhance funding earmarked for biodiversity and strengthen measures to mainstream biodiversity in development assistance.
- In the field of chemical safety, the EU will continue to promote mechanisms to protect developing countries from hazardous substances and waste, ridding the world of its most harmful man-made substances, which are particularly damaging in developing countries.

### 3.2.3. *EU Initiatives for Sustainable Development*

- The EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) promotes a licensing scheme to ensure that all timber exports to Europe are lawful, and encourages reforms in forest harvesting countries.
- The EU Water Initiative and ACP-EU Water Facility (funded under the European Development Fund (EDF) with € 500 million) are major contributions towards the achievement of the MDG and WSSD targets for water and sanitation, within the context of an integrated approach to water resources management at the basin level. Together they aim to increase the efficiency of EU assistance and close the financing gap for achieving the targets.
- The EU Energy Initiative and the ACP-EU Energy Facility (proposed to be funded under the EDF with € 250 million) aim to facilitate access to modern energy services, implementing the WSSD commitments which established the link between energy and achieving the MDGs. The EU also supports the Johannesburg Renewable Energy Coalition, a platform for policy co-operation on renewable energy.

### 3.3. Security

#### 3.3.1. European Security Strategy

The EU will treat security and development as complementary agendas, with the common aim of creating a secure environment and of breaking the vicious circle of poverty, war, environmental degradation and failing economic, social and political structures.

The European Security Strategy adopted by the European Council in December 2003 argues for an integrated approach to conflict prevention and crisis management, as well as to other security threats. None of the new threats are purely military, and each needs to be tackled by using a mixture of civilian and military instruments.

- The EU will enhance consistent and effective implementation of EU/EC external action in the area of security and development through the promotion of an integrated policy and instrument mix.
- The EU will balance short-term responses to crises with longer-term strategies, without creating a hierarchy of policy areas. While strengthening the political dimension of its partnership, the EU will seek to avoid increasing political conditionality and/or a diversion of development resources from the prime development objective of eradicating poverty.
- The EU aims to export stability and security to other countries, safeguarding at the same time the protection of individual rights and freedoms.

#### 3.3.2. Governance, state fragility, conflict prevention

The EU will enhance its policies in support of good and effective governance and the prevention of conflict and state fragility, including by strengthening its response to difficult partnerships/failing states.

The number of states that can be classified as difficult partnerships, failing or fragile states has increased substantially over the last years, representing a tremendous challenge for the international community. The MDGs will not be achieved without progress in these countries, which account for nearly 30% of people living on less than one dollar a day<sup>8</sup>.

- The EU will aim to contribute to improving governance, fighting corruption and transnational organised crime and preventing state fragility and conflict. It will also aim at more consistency in defining its policies towards cooperative and non-cooperative financial and tax havens<sup>9</sup>.
- The EU will support the strengthening of early warning systems and institutional capacity building of partner countries and regional organisations to enable them to engage effectively in prevention of state fragility and conflict. Furthermore, the EU will strive for improved analysis of state fragility, joint monitoring and assessments of difficult partnerships/failing states.

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<sup>8</sup> 'Why we need to work more effectively in fragile states', DFID, January 2005

<sup>9</sup> See Communication on Preventing and Combating Corporate and Financial Malpractice -COM(2004) 611, 27.9.2004.

- The EU considers that dialogue between cultures and peoples is an essential component of the global strategy towards peaceful coexistence, and therefore towards development. The EU will aim to develop or strengthen intercultural dialogue in, between and with developing countries within the framework of the existing partnerships.
- The EU will actively contribute to ensuring that women are fully involved in conflict resolution and peace building.

### 3.3.3. *Arms trade, non-proliferation of weapons and conventional disarmament*

The EU 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.

The EU continues to be one of the world's leading weapon manufacturers and exporters. This raises clear issues of policy coherence, particularly as most of these weapons are actually used in developing countries. The EU should hence strengthen the mechanisms designed to control transfers of Arms.

- The EU will contribute effectively to the non-proliferation of weapons, focusing specifically on Small Arms and Light Weapons (SALW), Anti-personnel Landmines (APL) and Explosive Remnants of War (ERW). These weapons can perpetuate humanitarian crises, threaten peace processes, fuel crime and terrorism, put national and regional security at risk, undermine conflict prevention programmes and adversely affect social and economic rehabilitation and sustainable development.
- Against this background, the EU should strengthen regulation and control of physical exports, licensed overseas production, brokering, transit and transshipment of arms. It will step up its efforts as part of the UN Plan of Action on SALW, should consider reinforcing the implementation of the European Code of Conduct on Transfers of Arms and support negotiations on an International Arms Trade Treaty.
- The EU will further its support for conventional weapons disarmament through a wide range of measures (local capacity building, weapons collection and destruction, border controls and cross-border co-operation programmes, etc.), which should be both specifically targeted as well as be integrated within conflict prevention, crisis management, post conflict reconstruction and long term stabilization and development.

### 3.4. **Agriculture**

Agriculture is a key sector for economic growth, as well as for food security, in many developing countries. The EU supports the development of agriculture and rural areas in developing countries, including through the implementation of the EU Action Plan on agricultural commodities. The Commission also realises that international and EU policies and rules, such as the Common Agricultural Policy, food aid disciplines, and sanitary and phytosanitary standards, must play a positive role in creating a supportive international environment for agriculture and rural areas in developing countries. Improving policy coherence for development has also wider dimensions when it comes to issues such as food security, rural development, land use, access to land or sustainable use of natural resources. These are to be addressed in a coherent, interlinked and global way.

The EU will continue its efforts to minimise the level of trade distortion related to its support measures to the agricultural sector, and to facilitate developing countries' agricultural development.

#### 3.4.1. *Common Agricultural Policy*

The reforms of the Common Agricultural Policy (CAP) agreed in 2003 and 2004, make a strong contribution to reducing trade-distorting effects of EU support to agriculture and enhancing positive social and environmental effects. In order to sustain progress in that direction and in relation to development concerns:

- The EC will complete the CAP reform, notably in the sugar sector, with a view to achieving domestically an across-sector implementation of reform and improving CAP coherence with the Doha development agenda. The EU will implement an Action Plan with accompanying measures for Sugar Protocol ACP countries, aimed at supporting these countries in their adaptation to the reform of the EU sugar regime.
- In accordance with the Johannesburg Plan of Implementation, CAP is being increasingly adapted to sustainability goals. CAP objectives include helping agriculture to fulfil its multifunctional role in society: producing safe and healthy food, contributing to sustainable development of rural areas, and protecting and enhancing the status of the farmed environment and its biodiversity.
- All CAP measures are regularly evaluated on the basis of a rolling plan and CAP reform proposals are subject to extensive impact assessments. The Commission is also committed to establish a monitoring system of the policy reform in the cotton sector, with a view to analysing its impact on production and trade, with a report in 2009.
- In the context of the DDA commitment on parallel elimination of all forms of export subsidies, the EC envisages eliminating export refunds on agricultural and food products.

#### 3.4.2. *Food Aid*

The EU believes that food aid should not be used as a tool for agricultural surplus disposal, with the effect of depressing local production and normal commercial transactions. This is fully reflected in its food aid policy, which aims at sustaining agricultural development in developing countries, promoting regional trade and solving food crises without disrupting markets.

- To attain developmental goals and to make development policy more efficient, the EU is in favour of establishing WTO disciplines on food aid. It has succeeded in including disciplines on food aid as a subject for discussion at the DDA (export competition).
- The EU also succeeded in opening the re-negotiation of the Food Aid Convention, with a view to defining clear and coherent commitments on the part of its members. The EU will take all necessary steps to ensure that the new Agreement includes a "code of conduct" on food aid policies, which would include practices with beneficial aspects in relation to development goals.

### 3.4.3. Sanitary and Phyto-sanitary measures

The EU will actively assist developing countries in order to facilitate them meeting the Sanitary and Phyto-sanitary (SPS) standards, so as to increase their exports of agricultural and fisheries products (including processed products).

- The Commission will consider a systematic evaluation of the impact of its SPS measures on developing countries and possible assistance. This will in turn be used to actively identify appropriate measures or actions targeted at developing countries.
- Because of the perishable nature of food and feed products, and the short-term supply rigidity, a rapid intervention facility to deal with SPS problems should be developed, and the appropriate resources should be identified.

### 3.5. Fisheries

The EC will continue to pay particular attention to the development objectives of the countries with which the Community will engage into bilateral fisheries agreements. Within the context of the new EC policy on fisheries partnership agreements with third countries, which is being implemented since 2003, the EC will continue to encourage the conclusion of fisheries agreements in order to contribute towards rational and sustainable exploitation of the surplus of coastal States' marine resources to the mutual benefit of both parties.

The EC has started to implement a new policy towards partnerships with third countries in the area of fisheries agreements since 2003. Against this background the EU will undertake the following actions:

- In accordance with the 2002 reform of the Common Fisheries Policy (CFP), the EC will progressively transform the previous fisheries access agreements into Fisheries Partnership Agreements (FPAs)<sup>10</sup>. All fisheries access agreements that involve the payment of a financial contribution by the Community to a third country will be replaced by partnership agreements by 2008 at the latest.
- Fisheries Partnership Agreements will continue to be established with a view to effectively promoting sustainable exploitation of the fisheries resources in the partner countries. In the negotiations of FPAs the EC and the concerned third country will seek to ensure that an ambitious level of efforts are dedicated by the concerned country to promote the rational and sustainable exploitation of its resources and to improve its domestic fisheries policies. The EC will reinforce the linkages between the development policy and the fisheries partnership agreements in order to improve the management of fisheries resources in third countries waters and the implementation of a sustainable fisheries policy.
- The EC will launch an Action Plan to improve the quality and availability of scientific advice on fish stocks in non-EU countries' waters not later than 2006. Improved stock data will be used as a basis for future FPA negotiations.
- Should the Council of Ministers decide so, the current bilateral approach of FPA may be complemented, where appropriate, by a regional approach.

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<sup>10</sup> In conformity with the Council Conclusion of July 2004.

- The EC will, in the context of WTO, aim at agreeing a balanced multilateral fisheries subsidies regime.

### 3.6. Social dimension of globalisation, promotion of employment and decent work

The EU will contribute to strengthening the Social Dimension of Globalisation with a view to ensuring maximum benefits for all, both men and women. The EU will promote employment, equitable economic growth and decent work for all as a global goal.

The Report of the World Commission on the Social Dimension of Globalisation called for fair globalisation, which would bring benefits for all<sup>11</sup>. The Commission adopted a Communication on this issue<sup>12</sup> in May 2004. The EU is committed to mobilise all its policies, including its trade, development and external relations policies and instruments, to better address the globalisation challenge. The EU will cooperate to this end with national authorities and social partners.

- The EU will promote efforts to ensure policy coherence between the international institutions and the dialogue and cooperation between WTO, the Bretton Woods institutions and ILO.
- The EU will promote the development of a pro-active approach to address the social consequences of adjustments and restructuring related to globalisation, including through co-operation with the ILO on the impact of trade policy on employment and social issues.
- The EU supports the incorporation of employment and decent work<sup>13</sup> issues, in particular for young people, within the forthcoming review of the MDGs and Millennium Declaration. To this end, the EU will in particular cooperate with UN, ILO and other international organisations.
- The EU will support initiatives aimed at promoting productive employment, investment in human resources, redistribution mechanisms, social protection, gender equality, social dialogue and effective application of rights at work. This could also involve training and volunteering initiatives for young people in order to allow them to gain more autonomy, new experiences and eventually qualify for jobs.
- The EU will encourage good governance in the financial, tax and judicial areas.
- The EU will enhance its support for Fair Trade, as a tool for sustainable development and poverty reduction.
- The EU will continue to promote the European strategy on Corporate Social Responsibility (CSR)<sup>14</sup> as a relevant business contribution to sustainable development and to poverty

<sup>11</sup> Report of the World Commission on the Social Dimension of Globalisation, February 2004.

<sup>12</sup> Communication on the Social Dimension of Globalisation - COM(2004) 383, May 2004. The report of the World Commission and the Communication were welcomed by the European Council of December 2004 and by the Employment and Social Affairs Council conclusions of March 2005.

<sup>13</sup> The concept of decent work encompasses the promotion of (productive) employment, social protection, rights at work (including Core Labour Standards) and the strengthening of social dialogue such as supporting capacity building initiatives for employer's organisations and workers.

<sup>14</sup> COM(2002) 347.

reduction. Special attention will be given to better defining the development dimension of CSR, with respect to (a) the implementation of the major international environmental and social conventions, (b) the supply-chain in developing countries and (c) the participation of non-EU stakeholders.

- In promoting CSR, Commission and Member States should consider making access to public procurement conditional on adherence to and compliance with the OECD guidelines for multinational enterprises.

### 3.7. Migration

The EU will promote the synergies between migration and development, to make migration a positive factor for development.

The EU will continue to foster its positive approach towards the migration and development nexus, building on the principles set out in the Communication on Migration and Development of December 2002<sup>15</sup>. Further proposals in this area will be contained in a Communication to be presented later this year. They will draw on best practices and should address the following issues in particular:

- The EU will promote well-managed international labour migration through the development of an EU policy on economic migration<sup>16</sup>.
- The EU will seek to promote – in cooperation with relevant international organisations and agencies – cheap and secure channels for private migrant remittances, and will explore mechanisms to create opportunities for these private financial flows to act as a catalyst for development-oriented investments.
- The EU will also elaborate further – in cooperation with relevant international organisations and agencies – how to turn ‘brain drain’ into ‘brain gain’<sup>17</sup>. As a part of this approach, it will encourage EU Member States and relevant stakeholders to refrain from ‘active recruitment’ in sectors that are key to societies and the further development of third countries, including the medical and research sectors in under-serviced regions in those developing countries that suffer from significant shortages.
- The EU will explore the possibilities of supporting and strengthening the efforts of transnational communities to promote the socio-economic development of their countries of origin, also by fostering circular migration (e.g. through an appropriate visa policy).
- The EU will explore ways to enhance the development impact of South-South migration, including through its development assistance.

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<sup>15</sup> COM(2002) 703.

<sup>16</sup> Green Paper on an EU approach to managing economic migration - COM(2004) 811.

<sup>17</sup> Examples include the Community Framework Programme for Research and Technological Development that offers various international mobility schemes taking account of this challenge.

### 3.8. Research and innovation

The EU will promote the integration of development objectives, where appropriate, into its RTD and Innovation policies, and will continue to assist developing countries in enhancing their domestic capacities in this area.

Innovation is a main driver of improved human welfare. Improving economic, social and environmental conditions of developing countries is a knowledge intensive process that benefits from the support of research. The EU supports research in developing countries, through its Framework Programme for Research and Technological Development. In this context;

- The EU will collaborate with developing countries in order for them (a) to promote science and technology, and the role of small and medium enterprises in this endeavour; (b) to improve their research, technological and higher education infrastructure; (c) to boost their human resource S&T capacities through various international mobility schemes while avoiding “brain-drain”; and (d) to earmark resources to higher education for youngsters, especially girls.
- The EU will continue building the European Research Area and enhance its international dimension to serve development priorities. The EU will continue to support collaborative research on priority problems of developing countries. The numerous MDG-related projects funded through EU Member States and the Community Research Framework Programme, as well as other related research efforts (e.g. research component of the EU Water Initiative), aim at strengthening co-ordination, developing new partnerships and increasing the impact of on-going and future knowledge-intensive actions, while providing scientific underpinning to new challenges.
- The EU will encourage where appropriate the integration of development issues into the various Technology Platforms and Partnerships (forestry, biotechnologies, water supply and sanitation, health research, etc.) with a view to increasing mutual benefits for Europe and developing countries, as initiated through the European and Developing countries Clinical Trials Partnership (EDCTP) and the Global Animal Health Technology Platform.
- The EU will support initiatives to improve access to and use of earth observation data to enhance planning and inform development policy-making in developing countries. In this context, the incorporation of the African States in GEOSS will directly benefit their development policies.
- The EU will support capacity building at the local and regional level through integrated research, demonstration and training activities involving relevant stakeholders from both developing and developed countries, in particular in the context of the cooperation between UN-HABITAT and the European Commission.

### 3.9. Information society

The EU will address the digital divide by exploiting the potential of ICTs as a development tool and as a significant resource for attaining the MDGs.

Information and Communication Technologies (ICTs) are pervasive in all socio-economic sectors. ICTs contribute to a more efficient delivery of public services. They foster economic growth, enhance good governance and play an important role in the promotion of public

interest objectives such as cultural diversity. In the context of its ICT policy the EU will undertake the following actions.

- The EU will provide technical assistance in the regulatory field by promoting capacity building, supporting regional regulatory harmonisation, setting up dialogue on e-strategies and exchanging best practices and benchmarking, including through the setting up of stakeholders networks.
- To effectively promote universal access to ICTs, notably in Sub-Saharan Africa, the EU will consider supporting nationally owned strategies that add public-sector resources to private sector investments. In the context of these strategies, the EU will also promote ICT applications such as e-Inclusion, e-Government, e-Learning, e-Health and e-Business.
- The EU has opened its Research and Development Framework Program to participation by developing countries, also in Information Society projects. This allows for testing of innovative pilot projects and scaling-up of the most successful local initiatives, and facilitates extension of networks for education and research.

### 3.10. Transport

The EU will address the special needs of both land-locked and coastal developing countries by promoting the intermodality issues for achieving network interconnectivity as well as security and safety issues.

The EU will enhance its support to sustainable multi-modal transport systems that underpin regional integration strategies and regional trade, building on the principles set out in the European Transport Policy for 2010 and the Almaty Programme of Action of August 2003. Through its transport policy the EU will assist developing countries in the following ways:

- The EU will continue to work and assert its influence in international organisations (such as the International Maritime Organisations and the International Civil Aviation Organisation) for effective and efficient air and maritime transport services, in a safe, secure and clean environment that supports sustainable development and regional trade.
- The EU will maintain its support to the International Labour Organisation in its promotion of equitable employment conditions for seafarers including in the context of the consolidated Convention on the Maritime Labour Standards, which should be adopted early in 2006.
- The EU will enhance its support to international, regional and sub-regional organisations to deal with the issue of transit transport facilitation.
- The EU will continue its support to improving the security of the international logistical chain, as well as to improving transport security and safety by promoting, at bilateral and regional level, the alignment of laws of developing countries with international maritime and aviation safety and security legislation.
- The EU will examine possibilities for extending to developing countries the benefits of the European satellite navigation system Galileo.

### 3.11. Energy

The EU is strongly committed to contribute to the special needs of developing countries by promoting access to sustainable energy sources and by supporting establishing interconnection of energy infrastructures and networks.

Sustainable, high-quality, reliable and affordable access to adequate energy sources is essential, both for those currently without access to energy services, and for the future productivity increases and economic development needed to accommodate the forecast population growth and urbanisation in developing countries. Through its energy policy the EU should take the following commitments:

- The EU will promote institutional support, technical assistance and networking to give the beneficiary countries the capacities to implement their energy choices, e.g. by the instrument of twinning operations, which would strengthen the administrative and regulatory capacities of these countries or/and *ad hoc* technical assistance mechanisms.
- The EU will help developing an appropriate regulatory framework and innovative financial mechanisms in order to promote investments in clean technologies in the context of public-private partnerships.
- The EU will enhance encouraging regional cooperation in order to establish interconnection of energy infrastructures.
- The EU will promote that energy is integrated as a general component of development strategies, including poverty reduction strategy papers (PRSPs). Programmes and projects in the energy sector should systematically include energy efficiency objectives.

## 4. IMPLEMENTATION AND MONITORING

In December 2004, in the context of achieving the MDGs, the European Council called for further strengthening of policy coherence for development ‘*by making wider and more systematic use of existing mechanisms for consultation and impact assessment and procedures to screen all relevant policies for their impact on developing countries*’<sup>18</sup>.

As a follow-up to this statement the EU will, inter alia, look at the existing assessment and screening mechanisms applied within the European Commission, and consider expanding their approach – in an appropriately adapted format - to the Council and European Parliament.

In the same spirit of strengthening policy coherence for development, the Commission will look into ways and means to further reinforce its existing instruments, notably its Impact Assessment tool. The Commission will ensure that its assessment methods are gender sensitive and thus measure impact of policies on both women and men.

The challenge of improving impact screening should be addressed at both the political and the technical level. Within the area of development cooperation various consultation arrangements exist to enhance exchange of information and impact analysis and to strengthen

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<sup>18</sup> European Council Conclusions, December 2004.

mutual co-operation with the aim of fostering policy coherence for development<sup>19</sup>. The EU will consider reinforcing and broadening these experiences, with the aim to ensuring that policy coherence for development becomes the business not just of development policy makers but also of policy makers in non-development policy areas.

As a practical way forward, the Commission proposes to **monitor** progress on the EU coherence commitments in the context of MDGs.

#### **EU Coherence for Development Report**

To further enhance EU policy coherence in the specific context of supporting the MDGs, the Commission will compile a mid-term EU Policy Coherence for Development Report, between now and the next international MDG Review, where progress on the coherence commitments proposed in this Communication will be reviewed.

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<sup>19</sup> Examples are the informal EU PCD network and other specific working arrangements such as the Agriculture, Trade and Development network and the intra-sectoral collaboration on the EU Action Plan on Agricultural Commodities.

## ANNEX 1 - ACRONYMS

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|-------|--|
| ACP   | African, Caribbean and Pacific                         |
| CAP   | Common Agricultural Policy                             |
| CBD   | Convention of Biological Diversity                     |
| CFP   | Common Fisheries Policy                                |
| DDA   | Doha Development Agenda                                |
| EC    | European Community                                     |
| EDF   | European Development Fund                              |
| EPAs  | Economic Partnership Agreements                        |
| FLEGT | Forest Law Enforcement, Governance and Trade           |
| FPA   | Fisheries Partnership Agreements                       |
| GAERC | General Affairs & External Relations Council           |
| GATS  | General Agreement on Tariffs, Trade and Services       |
| GSP   | Generalised System of Preferences                      |
| ICTs  | Information and Communication Technologies             |
| ILO   | International Labour Organization                      |
| LDCs  | Least Developed Countries                              |
| MDGs  | Millennium Development Goals                           |
| MEAs  | Multilateral Environmental Agreements                  |
| OECD  | Organisation for Economic Co-operation and Development |
| PCD   | Policy coherence for development                       |
| SALW  | Small Arms and Light Weapons                           |
| SDT   | Special and Differential Treatment                     |
| SPS   | Sanitary and Phyto-sanitary                            |
| TRA   | Trade Related Assistance                               |
| TRIPS | Trade-Related Aspects of International Property Rights |
| WSSD  | World Summit on Sustainable Development                |