

An Agenda for Change for EU Development Policy

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The European aid machine is like an oil tanker that takes miles of empty sea to alter course. Standing high on the bridge is [Development Commissioner, Andris Piebalgs](#). Observing turbulence ahead, he began to plot a change of course soon after taking office in early 2010. More than a year and a half of discussion later, the proposed new course has just been announced – in a document called '[An Agenda for Change](#)'. Hang on for another seven months of negotiation, and the EU's development ministers will approve the new course in May next year. At that point, half way through his five-year term, the Commissioner can send a signal to the engine room, and the long manoeuvre can begin. Andris Piebalgs' leadership should be celebrated, but the shackles placed on leadership in the EU are heavy indeed. Let's hope that there are not too many icebergs in this particular stretch of ocean that require a rapid change of direction!

The new policy claims direct descent from the [European Consensus on Development](#), first published in 2005 and agreed by the European Commission, Council and Parliament. As in 2005, the Agenda for Change puts poverty reduction in pride of place – as, indeed, it is required to do by the Lisbon Treaty. In this sense there is continuity in EU development policy. However the new strategy also signals four important shifts:

- i. a higher profile for good governance and human rights, linked to greater conditionality;
- ii. a higher profile for growth, with a strong focus on leveraging in private sector money;
- iii. the introduction of the concept of differentiated development partnerships, with new allocation criteria for aid; and
- iv. an attempt to boost EU joint work.

A focus on good governance and on growth is signalled in the table of contents, which identifies these as the two pillars of EU development policy. All other topics are grouped under these headings.

Good governance encompasses democracy, human rights, the rule of law and the empowerment of women, operationalised via better public sector management, tax policy, natural resource management and anti-corruption measures. All these will feature more prominently in political dialogue with recipient countries, and will be associated with stricter conditionality. In the best cases, countries will receive budget support, now re-labelled '[good governance and development contracts](#)'. Where budget support cannot be justified, money will be channelled away from governments and in favour of local actors and non-governmental organisations.

Growth is carefully defined as needing to be both inclusive and sustainable, wording which permits health, education and social protection to be name-checked. The main emphasis, however, is on finding new ways to engage with the private sector, blending grant finance with loans and guarantees in order to leverage private sector finance. There is also strong emphasis on energy, with a link to climate change.

The idea of differentiated development partnerships provides the justification for introducing new allocation criteria for aid: not just poverty, but also capacity, country commitment and potential EU impact. Priority will be given to sub-Saharan Africa and the [EU Neighbourhood](#), with the explicit implication that countries that fall outside the regions – or that fail to meet the new criteria – will receive less aid.

Finally, on a familiar theme, the new policy calls for greater coordination among EU

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Member States, pointing to the costs of fragmentation and proliferation, and suggesting joint programming, single EU contracts for budget support, and common EU frameworks for measuring and communicating results.

Tacked on at the end of the document in four short paragraphs are some aspirations for greater policy coherence, especially a joined up

approach to security and poverty, and a plea for a better approach to migration.

The differences between the European Consensus and the Agenda for Change are highlighted in the table. There is necessary and welcome evolution, but in the context of clear strategic consistency.

| | 2005 European Consensus on Development | 2011 Agenda for Change |
|---------------------------|---|--|
| Signatories | Joint statement by the Council, Parliament and Commission. ‘Guides Community and Member State development cooperation activities in all developing countries, in a spirit of complementarity’. | Council Conclusions on the Communication expected from the Commission. ‘The Commission calls on the Council to endorse the proposed Agenda for Change’ and urges Member States ‘to also implement the Agenda’. |
| Objectives | Emphasises that the primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the MDGs. | Emphasises that there will be no weakening of the EU’s overarching objective of poverty elimination in the context of sustainable development, as set out in the European Consensus on Development. |
| Concentration | Highlights the need to focus on a limited number of areas, instead of spreading efforts too thinly over too many sectors. ‘This selection process will be done at country and regional level in order to honour commitments made in regard of partnership, ownership and alignment.’ | Emphasises the need to focus where it can have the greatest impact and should concentrate its development cooperation in support of human rights, democracy and other key elements of good governance and inclusive and sustainable growth for human development. |
| Priority sectors | Nine priority sectors based on comparative advantage: <ol style="list-style-type: none"> 1. Trade and regional integration 2. The environment and the sustainable management of natural resources 3. Infrastructure, communications and transport 4. Water and energy 5. Rural development, agriculture and food security 6. Governance, democracy, human rights and support for economic and institutional reforms 7. Conflict prevention and fragile states 8. Human development – health and education 9. Social cohesion and employment. | Two priority areas with eleven priority activities: <ol style="list-style-type: none"> 1. Human rights, democracy and other key elements of good governance <ul style="list-style-type: none"> - Democracy, human rights and the rule of law - Gender equality and the empowerment of women - Public-sector management - Tax policy and administration - Corruption - Civil society and local authorities - Natural resources - Development-security nexus 2. Inclusive and sustainable growth for human development <ul style="list-style-type: none"> - Social protection, health and education - Private sector, infrastructure and regional integration - Agriculture and energy. |
| Differentiation | Asserts the priority of assistance to low-income countries, but also a commitment to middle-income countries on the grounds of their large low-income populations, inequalities, weak governance, vulnerability to shocks and their important role in political, security and trade issues, producing and protecting global public goods and acting as regional anchors. | Identifies two regions as priorities for assistance: the EU Neighbourhood and sub-Saharan Africa, and asserts that grant-based aid should not feature in geographic cooperation with more advanced countries. For some countries the result may be ‘less or no EU development grant aid and the pursuit of a different development relationship based on loans, technical cooperation or support for trilateral cooperation’. |
| Coordinated action | Commitment to the Commission playing a coordinating role with an emphasis upon the development of country ‘roadmaps’, joint multi-annual programming, shared analysis, joint donor missions and co-financing. | Proposes a ‘single joint programming document’, a ‘single EU contract’ for budget support and a ‘common framework for measuring and communicating results’. |
| Policy coherence | Identifies trade, security, migration, environment and climate change as key areas | Identifies the transition from humanitarian aid and crisis response to long-term development cooperation, security and migration as key areas |

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In judging the new approach, the starting point has to be that this is work in progress. The Agenda for Change is not yet a new policy. It is a proposal from the Commission to, among others, the Council and Parliament. There will be a negotiation between now and May 2012, which will certainly result in some things being taken out, and, perhaps, others being put in. Joint programming is likely to be eliminated early on, for example, despite its merits, and notwithstanding that the Commission holds dearly to the idea.

In the absence of numbers, it is hard to grasp what the operational implications of the policy might be. We are told that ‘an increased share’ of the EU country and regional programmes will be dedicated to the new policy priorities. What is the current share? What will it grow to? And over what period? Similarly, ‘some countries’ may receive less or no grant aid. Which countries? How much do they receive now? And how much less will they receive in future?

The financial questions are probably difficult to answer while the whole EU budget is up in the air. The European Commission disbursed some €11 billion in official development assistance (ODA) last year, making it the second largest source of ODA in the world. Will this continue after 2014, when the new [Multi-Annual Financial Framework](#) comes into force and when the replenishment of the [European Development Fund](#) is agreed? How does the financial settlement shape decision-making – for example on allocation of aid to African, Caribbean and Pacific (ACP) countries? And where will climate funding fit?

Climate change is an example of an issue that lies beyond the sole remit of the Development Commissioner, and a final piece of unfinished business is to link the Agenda for Change to the rest of the development agenda – whether global imbalances in the world economy, the management of shocks, or, come to that, security and migration. There is filling out to do if the new policy is not simply to stand as that of an aid administration, but rather of an outward facing European Union.

The captain of the oil tanker has scanned the horizon and seen the turmoil caused by financial instability, global food crises, climate change and insecurity. These are the icebergs that require legitimate change. Now that Andris Piebalgs has listened to official and non-official voices on which way to steer, it would be good to speed up the unfinished business and formalise a new course.

The views presented in this paper are those of the authors and do not necessarily represent the views of ODI.

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