# Topical Digest

# Policy coherence for (sustainable) development



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Enshrined in the EU Treaties, policy coherence for development (PCD) commits the EU to take account of the objectives of development cooperation in all external and internal policies that have the potential to impact developing countries. Moreover, since the 2017 revision of the EU Consensus on Development, PCD means helping developing nations achieve the 17 – inherently interconnected – Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. Consequently, PCD plays a pivotal role in advancing the broader objective of policy coherence for sustainable development (PCSD). Balancing competing objectives remains a challenge, as evidenced in the following publications. Enhanced awareness among EU policymakers and a streamlined action plan could mitigate trade-offs and foster synergies. In recognition of this, the European Parliament's Standing Rapporteur on PCD has established a network comprising Members and staff from various committees, delegations, and services, with an inaugural meeting scheduled for 28 November 2023.

These and other analyses on SDGs are available on the European Parliament's Think Tank pages.

# **European Parliament research on policy coherence**

#### Understanding policy coherence for development

#### Briefing by Eric Pichon, EPRS, November 2023

PCD mechanisms are part of the EU's better regulation and SDG implementation commitments. In this context, the EU and some Member States have put in place several tools to implement and monitor PCD in policies that are likely to have an impact on developing countries. EU reporting on PCD is now included in comprehensive reporting on SDG implementation. External evaluations, commissioned by the EU or at the initiative of other stakeholders praise the EU commitment to PCD, while calling for more awareness raising, improved monitoring beyond impact assessments, and increased engagement with other stakeholders, such as civil society in EU and partner countries. The latest resolution on PCD adopted by the European Parliament on 14 March 2023 calls for a PCD action plan with a clear methodology, indicators, and deadlines, applicable to the EU and its Member States.

#### Workshop – Enhancing policy coherence for development

# In-depth analysis and workshop proceedings requested by the DEVE committee, DG EXPO European Parliament, November 2022

This report includes an in-depth analysis on PCD and the summary of the debate held during a workshop on the same topic that brought together MEPs, and representatives of EU and international organisations and civil society. The workshop took stock of the latest developments in the application of PCD and sought to generate ideas for improvement. The discussions were organised in two sessions: a first panel focused on the conceptual PCD approaches rooted in legal provisions and policy strategies. The experts debated PCD from the perspective of different international actors – the EU, the OECD and the UN – and its significance for meaningful policy impact in developing countries within the framework of Agenda 2030. A second panel explored challenges and gaps in PCD implementation. The discussion also focused on the importance of maximising synergies between policy areas in PCD implementation and of performing impact assessments that capture the effects on developing countries for all EU policies.



#### Is the European Union's green hydrogen strategy in Africa coherent with sustainable development?

Briefing for a workshop on developing countries' energy needs and priorities, DG EXPO, European Parliament, [forthcoming]

In line with the EU's goal to achieve climate neutrality by 2050, the Commission introduced a new external energy strategy as part of the REPowerEU plan in May 2022. In order to reach the target of 10 million tonnes of renewable hydrogen imports annually by 2030, the strategy focuses on preferred partnerships with potential exporting countries to ensure a stable supply of renewable energy imports. This briefing evaluates the strategy's alignment with policy coherence for development by assessing its support for African partner countries in achieving their Sustainable Development Goals (SDGs), analysing partnership agreements with Namibia and Egypt, and considering Africa's energy transition status and uncertainties in the global renewable hydrogen trade. Policy recommendations emphasise the need for a stronger long-term EU commitment to the renewable hydrogen export industry's sustainability and a more comprehensive approach to SDGs in partnership agreements.

#### Understanding development effectiveness: Concepts, players and tools

#### Briefing by Eric Pichon, EPRS, January 2020

In the context of the limited availability of development aid, there is increased demand for effective results. This means that both developing and richer countries must commit to spending and using aid more effectively. Public funding is not enough to cover all needs, but it can leverage initiatives from civil society and the private sector. The increase in stakeholders and intervention methods, both in terms of numbers and variety, combined with the necessity to address needs in the field more precisely, has led to a global rethinking of how to assess development High-level forums and stakeholder networks have helped to fine-tune the main principles of development effectiveness and to shift from a donor-recipient relationship to a more cooperative framework. Methods and tools have improved and led to better planning, implementation and appraisal of development projects. The EU has been closely involved in designing and implementing the effectiveness principles. The European Parliament often refers to them, insisting that they must not be sacrificed for the sake of short-term interests.

#### EU Policy Coherence for Development: The challenge of sustainability

#### Workshop, DEVE committee and DG EXPO, European Parliament, March 2016

The EU has been at the forefront of efforts to define and implement the concept of policy coherence for development (PCD) in recent years. A range of instruments has been established to promote the inclusion of development issues in all EU policies. The workshop offered a platform for lively debate among practitioners and researchers about the achievements of the EU in practice, the potential of recent reforms such as the better regulation package, and the lessons learned from PCD efforts steered by the OECD at international level.

#### Policy Coherence for Development: still some way to go

#### Briefing by Marta Latek, EPRS, May 2015

Despite a reiterated political commitment and reinforcement of the institutional framework to follow up on PCD, scepticism prevails outside the Commission on the feasibility of achieving PCD. Difficult-to-reconcile objectives, and the differing values and institutional cultures underpinning development policy and other policies, make PCD a challenge. Some ask whether this quest for PCD will not, in the end, result mostly in the instrumentalisation of development policy, which would be used to compensate for EU hard economic and security goals rather than to alter them. The European Parliament's pragmatic approach aims to strengthen PCD implementation tools, in particular by proposing an EU arbitration mechanism and a complaints system, in order to remedy possible inconsistencies between policies.



#### The challenge of coordinating European development policies

#### In-depth analysis by Marta Latek, EPRS, January 2015

Despite international and European initiatives intended to curb the fragmentation of aid, this phenomenon continues to trouble the effectiveness and impact of development cooperation. While European donors agree in principle on this subject, progress in implementing coordination and the division of labour remains limited. Innovative solutions are required to find a way out of this impasse.

# **Other relevant European Parliament publications**

#### **SDGs: The EU and the Sustainable Development Goals**

#### Topical digest by Eric Pichon, EPRS, July 2023

The SDGs are 17 interconnected and indivisible goals, each with a series of specific targets, to be attained by 2030. Both developed and developing countries committed to the SDGs, which address the multiple causes and consequences of environmental depletion and social inequalities. The EU has been a leader in drafting the SDGs; it is also a frontrunner in mainstreaming the SDGs in all its policies. This topical digest features EPRS publications and audiovisual products that illustrate clearly both the successes and challenges in pursuing SDG achievement. See in particular:

- EU support for fighting global poverty: Implementing UN SDG 1 'Ending poverty', EPRS, November 2019
- SDG 2 zero hunger, and EU action against hunger and malnutrition, EPRS, January 2022
- <u>Peace, justice and strong institutions: EU support for implementing SDG 16 worldwide</u>, EPRS, February 2020

#### Reporting on SDG implementation: UN mechanisms and the EU approach

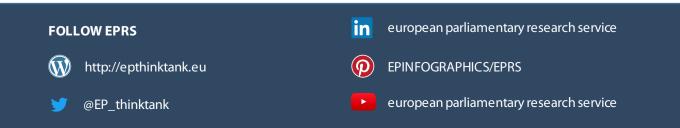
#### Briefing by Eric Pichon, EPRS, July 2023

The 17 SDGs are clearly linked to a series of targets to be reached by 2030, with a detailed mechanism to monitor progress with regard to these targets. At the core of this mechanism are a number of quantified indicators for each target that are regularly revised by the UN and other international agencies. These agencies and the EU support national statistical services across the world in collecting data for the SDG indicators in order to gather reliable and comparable datasets. In 2023, at the UN High Level Political Forum on Sustainable Development the EU will present the contribution of its policies and initiatives to progress towards each of the SDGs in the EU and at global level. Although technical in nature, SDG indicators and data also have a political dimension, as they clearly measure countries' and other stakeholders' achievements against their own commitments.

# <u>EU-Southern African Development Community Economic Partnership Agreement: A geo-economic perspective – An implementation overview</u>

#### Study by Isabelle Ioannides and Katharina Eisele with Leonie Reicheneder, EPRS, November 2023

This study aims to provide an overview of the implementation of the EU-SADC EPA, focusing on the geo-economic perspective, given the complex and tumultuous geopolitical landscape. It examines the implementation context, including disruptive and regional risk factors, and the impact of relations between the SADC EPA countries and key global partners. The study also surveys EU and expert evaluations and effects of the EU-SADC EPA to date. It provides a screenshot of the development of EU-SADC trade and investment flows and studies Parliament's position and oversight activities on the EPA. The study ends with some lessons identified on ways to enhance the implementation of the agreement. (The study has a dedicated section on PCD).



#### EU carbon border adjustment mechanism: Implications for climate and competitiveness

#### Briefing by Henrique Morgado Simões, EPRS, June 2023

The EU has the world's largest carbon-pricing system, the emissions trading system (ETS). Emissions pricing can encourage industrial decarbonisation, but it also carries the risk of carbon leakage, whereby EU companies move their production abroad. To

date, the EU has mitigated this risk through free allocations to certain industries, but with rising climate ambition and higher carbon prices, the Commission is now seeking to phase out free allocations. A new carbon border adjustment mechanism (CBAM) will also be introduced, requiring EU importers, as of 2026, to purchase certificates equivalent to the weekly EU carbon price. The CBAM initially applies to imports in five emissions-intensive sectors deemed at greater risk of carbon leakage: cement, iron and steel, aluminium, fertilisers, and electricity. The CBAM charge covers imports of these goods from all third countries other than those included in the ETS or a linked mechanism. The CBAM aims to contribute to the EU's climate neutrality objectives, and encourage partner countries to decarbonise their production processes by levelling the playing field in carbon pricing between the EU and third-country producers. [After completion of the legislative procedure, the final act was signed on 10 May 2023 and published in the Official Journal on 16 May 2023].

#### EU economic partnership agreements with ACP countries: Which way forward?

#### Briefing by Ionel Zamfir, EPRS, November 2022

For two decades, the EU has sought to modernise its preferential trade relationship with the sub-Saharan African, Caribbean and Pacific (ACP) countries and establish free trade areas with regional groupings under so-called economic partnership

agreements (EPAs). The process of establishing the EPAs has been longer and more complicated than initially expected, encountering criticism and opposition from civil society and some governments in ACP countries, who have been worried about the potential negative impact. So far, the results are mixed, with nine agreements negotiated – covering more than half of the ACP countries – but not yet all implemented.

#### Towards deforestation-free commodities and products in the EU

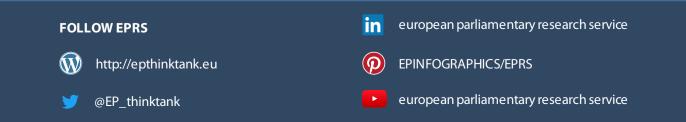
#### Briefing by Vivienne Halleux, EPRS, April 2023

Following up on a 2020 European Parliament resolution, which called for regulatory action to tackle EU-driven global deforestation, on 17 November 2021, the European Commission tabled a legislative proposal aimed at curbing deforestation and forest degradation driven by the expansion of agricultural land used to produce specific commodities, namely cattle, cocoa, coffee, palm oil, soya and wood. The Council adopted its general approach on 28 June 2022 and the Parliament adopted its position on 13 September 2022. The co-legislators reached a provisional agreement on 6 December 2022, which substantially amends the original Commission proposal, notably in terms of scope. [After completion of the legislative procedure, the final act was signed, and published on 9 June 2023 in the EU Official Journal. The main obligations of the regulation will apply from 30 December 2024 (30 June 2025 for micro and small enterprises)].

#### The external dimension of the new pact on migration and asylum: A focus on prevention and readmission Briefing by Eric Pichon, EPRS, April 2021

The challenges posed by migration have put EU Member States' solidarity to the test. Responding to a European Council request, in September 2020 the European Commission proposed a new pact on migration and asylum, to reinforce solidarity

among the Member States and to strengthen EU migration management and asylum procedures, while also making them more consistent. The proposed pact has an external aspect as well: building on current EU migration partnership frameworks, it aims to reinforce international partnerships with a view to ensuring effective returns, combating migrant smuggling more effectively, and developing legal migration channels.





P Listen to the podcast



#### Interlinks between migration and development

#### Briefing by Marta Latek, EPRS, January 2019

The EU and its Member States have reshaped their external policies, including development cooperation, to place more focus on migration-related issues. Widely used in this context, political rhetoric on 'addressing root causes of migration' has been questioned by academics as creating unrealistic expectations. Indeed, a positive correlation between migration and narrowly understood economic development persists until countries reach middle-income country level. However, several key drivers of migration are related to discrepancies in levels of human development. Demographic pressures, youth unemployment, job opportunities in the country of destination, the growth of migrant networks and the desire to reunite families, all play roles in migration. A complex interaction between aid and migration also exists, which is far from a simple one-way causality. In general, poverty alleviation, the primary objective of development aid, tends to enhance rather than deter the realisation of the aspiration to migrate, in the short- and medium-term, by increasing household incomes. A more global approach to cooperation with third countries, such as the EU's already well-established assistance focusing on good governance, infrastructure, rural development and strengthening resilience, as well as going beyond development assistance to include trade and investment, appears promising in terms of deterring migration. On the other hand, studies confirm that international migration is an important path for development: remittances constitute a tool for poverty reduction, while diaspora skills and networks provide resources for economic and social progress.

#### EU external financing instruments and the post-2020 architecture: European Implementation Assessment

#### Study by Isabelle Ioannides, February 2018

This study evaluates the performance of the EU external financing instruments (EFIs) in the light of the results of the European Commission's mid-term review and discussions on their post-2020 architecture. The evaluation finds that the existing architecture and geographic/thematic coverage of the EFIs has, overall, been relevant to the EU policy objectives set in 2014. However, they were less responsive to recipients' needs, and implementation weaknesses persist. At the strategic level, weaknesses in EFIs that need attention in the post-2020 architecture include: balancing short-term expediency with long-term needs; ensuring EU security needs and interests do not marginalise EU values; and safeguarding the development-oriented agenda of EFIs. At an operational level, the EFIs need to overcome the 'silo' approach to implementation, and develop solid monitoring and evaluation systems that assess the EFIs' impact in recipient countries. This study provides options for tackling these limitations.

# **Further reading**

## **European Commission**

#### **EU Voluntary Review on progress in the implementation of the 2030 Agenda for Sustainable Development** *European Commission, May 2023*

Policymakers in the EU need to consider external impacts on partner countries when implementing domestic policies. This requirement in the EU Treaties is generally known as 'policy coherence for development'. It is highlighted in the 2017 European Consensus on Development as a crucial element of the EU's strategy to achieve the SDGs. This requirement is now implemented in the context of advancing the 2030 Agenda globally. Its focus has broadened beyond the traditional five strategic challenges (trade and finance, climate change, food security, migration, and security) to reflect the new and interrelated dynamics of the SDGs. Reporting on policy coherence for development has become part and parcel of a comprehensive reporting on SDG implementation and is therefore addressed in this voluntary review.



#### Policy Coherence for Development: 2019 EU Report

#### European Commission, June 2019

The Commission is taking stock of what has been done at EU and Member States level concerning PCD over the 2015-2018 period. This report is a collaborative effort, on the basis of contributions from the EU Member States, the European Commission and the European External Action Service (EEAS). This report also aims to frame PCD within the global changing development context and notably the evolution from the millennium development goals (MDGs) to the sustainable development goals (SDGs) and the adoption of the 2030 Agenda for Sustainable Development. The 2030 Agenda implied a new perspective for PCD and consequently the Commission adapted its approach and reporting on PCD accordingly to align with this paradigm shift in development cooperation, ensuring that PCD remains relevant in such an evolving policy framework.

#### External Evaluation of the European Union's Policy Coherence for Development (2009-2016)

#### Commissioned by the European Commission, July 2018

The objective of this evaluation is to provide relevant stakeholders with an overall and independent assessment of the EU PCD actions aiming to improve the impact of relevant EU policies.

# Interlinkages and policy coherence for the sustainable development goals implementation: an operational method to identify trade-offs and co-benefits in a systemic way

#### European Commission, Joint Research Centre, 2019

The broad scope and complexity of the SDGs constitute a new challenge for policy. The identification of effective implementation strategies would need to be supported by coordinated policies. This report proposes an original method to identify and deal with the multiple relationships existing between the different dimensions of sustainability. This method enables the identification of inter-linkages in a systemic way as a pivotal element of science supporting policy coherence for SDGs implementation and consistent with the key principles guiding the 2030 Agenda implementation in the international context.

See also: <u>SDG Policy Mapping Tool: How Do European Policies Address the Sustainable Development Goals?</u>, European Commission's Joint Research Centre

## OECD

Policy coherence for sustainable development OECD portal featuring various reports and recommendations.

## Non-governmental organisations (NGOs)

# Rapport 2023 sur la coopération belge au développement : bilan de législature priorités de la présidence belge de l'UE

#### CNCD 11.11.11, 2023

This report deals with the challenges facing the 2024 Belgian Presidency of the Council. It considers that the EU practices a double standard when defending its values at the international level, and that it adopts policies that are sometimes harmful to the rest of the world. Policy coherence for development must therefore guide all debate on the future of Europe, and especially the Belgian Presidency in 2024. To this end, several actions will need to be prioritised during these 6 months of Presidency, in the areas of trade, finance, agriculture, climate, security, migration, and development cooperation.

<u>2 600 development-oriented NGOs</u> interact regularly with the EU through CONCORD, the European confederation of relief and development NGOs. CONCORD's work focuses much on policy coherence for development and policy coherence for sustainable development.



#### <u>A Test of the EU's Integrity Towards the 2030 Agenda: The Status of Policy Coherence for Sustainable</u> <u>Development</u>

#### CONCORD, January 2022

This report tracks existing PC(S)D mechanisms in Belgium, Germany, Czechia, Spain, Italy, the Netherlands, Austria, Slovenia, Sweden, and the European Commission. The focus is on mechanisms that have been, or could be, put in place in line with SDG indicator 17.14.1. The study pays special attention to the objective of addressing trade-offs or negative spillover effects of domestic policies in the EU or its Member States, on the Global South. The goal of the report is to encourage EU Member States and the European Commission to commit to, implement and report on PC(S)D by reinforcing or creating mechanisms for it, and to ensure that the focus on countries in the Global South is not lost, especially in times of COVID recovery.

See also CONCORD's webpage on policy coherence for sustainable development.

#### A PCSD perspective on the European Commission Work Programme 2020

#### CONCORD, October 2020

In this paper, CONCORD analyses the European Commission's work programme – both the first version released in January 2020 and the version from May 2020 (adjusted to the realities of COVID-19) – to provide a few key entry points for the EU as to when and how to apply policy coherence for sustainable development and accelerate progress towards the Sustainable Development Goals.

#### The Impact of EU Policies in the World. Seeing the Bigger Picture

The impact of EU policies in the world. Seeing the bigger picture – one year on.

#### CONCORD, 2017 and 2018

These papers look at the ways in which the EU Better Regulation package has resulted in better compliance with policy coherence for development (PCD).

## Think tanks

#### Sustainable Development Report 2023: Implementing the SDG Stimulus

SDSN, 2023

International spillovers and policy coherence: The climate and biodiversity crises are driven by domestic action, but they are also impacted by activities that extend beyond national borders: through trade and other cross-border activities. In addition to environmental spillovers, which are driven by international trade and domestic policies, countries also generate economic, financial, social, and security spillovers.

#### The effects of major economies' policies on climate action, food security and water in developing countries Discussion paper by Fabien Tondel, Cecilia D'Alessandro and Koen Dekeyser, ECDPM, July 2022

The growing demand for food, water and energy, in conjunction with climate change, puts pressure on land and freshwater resources. This problem can be acute in developing countries, where many households and producers have inadequate access to these commodities. While development is primarily driven by national policies, outcomes are often also influenced by external factors, especially the policies of developed countries and emerging economies. This paper explores the possible effects of these factors on climate action and food and water security in developing countries.

#### Is the EU Fit for the Green Deal? Lessons from Policy Coherence for Sustainable Development

#### TEPSA – Trans European Policy Studies Association, December 15, 2021

A review of the EU's implementation of Policy Coherence for Sustainable Development shows that enhancing synergies and limiting negative spill-overs of the European Green Deal will require substantial governance reforms.



#### What Does Policy Coherence Look like in a Post-COVID World?

#### Stockholm Environment Institute (SEI), August 2021.

COVID recovery is an issue of policy coherence – do we build back as quickly as possible, or build back greener and better? SEI Executive Director Måns Nilsson looks at what policy coherence means for actors beyond national governments in COVID recovery and how they can adopt coherence as a principle and approach in their strategies and actions.

### Promoting policy coherence: Lessons learned in EU development cooperation

Policy brief by James Mackie, ECDPM, Cascades, September 2020

Lessons learned from PCD can be applied to broader policymaking, not just development cooperation. The 2030 Agenda emphasises policy coherence across all 17 Sustainable Development Goals. The note analyses how the EU has responded with measures like the Better Regulation package and the Green Deal and how lessons learned can help the EU address the cascading effects of climate change.

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# Academic papers

'Why Policy Coherence in the European Union Matters for Global Sustainability', H. Ahlström and B. Sjåfjell, *Environmental Policy and Governance*, Vol. 33(3), 2023, pp. 272–287.

'<u>Promoting Policy Coherence within the 2030 Agenda Framework: Externalities, Trade-Offs and Politics</u>', A. Brand, M. Furness and N. Keijzer, *Politics and Governance*, 2021, pp. 108–118.

'<u>From coherence to coheritization: explaining the rise of policy coherence in EU external policy</u>', L. Schmitz and T. Elmer, *Globalizations*, June 2020, Vol. 17(4), pp. 629-647.

'<u>The Evolution of the EU's Development Policy</u>', A. Bergmann et al., *European Foreign Affairs Review*, Vol. 24(4), 2019.

'<u>Governance for Achieving the Sustainable Development Goals?</u>', L.-M. Glass and J. Newig, *Earth System Governance*, 2019, p. 100031.

Why Is Policy Coherence Essential for Achieving the 2030 Agenda?, Blog, UN System Staff College, 2018.

<u>Measuring Long-Term Trends in Policy Coherence for Development</u>, D.-J. Koch, *Development Policy Review*, Vol. 36(1), 2018.

'<u>Shedding Light On Policy Coherence for Development</u>', A. Sianes, *Journal of International Development*, 2017, pp. 134–146.

'Royal Roads and Dead Ends. How Institutional Procedures Influence the Coherence of European Union Policy Formulation', S. Stroß, Journal of European Integration, Vol. 39(3), 2017, pp. 333–347.

'Expectation management? Contrasting the EU's 2030 Agenda discourse with its performance in evaluating policy coherence for development', N. Keijzer, *European Foreign Affairs Review*, Vol 22(2), 2017, pp. 177-195.

'<u>The European Union and Policy Coherence for Development: Reforms, Results, Resistance</u>', M. Carbone and N. Keijzer, *The European Journal of Development Research*, Vol. 28(1), 2016, pp. 30–43.

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