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# **REPORT**

on the EU 2015 Report on Policy Coherence for Development  
(2015/2317(INI))

Committee on Development

Rapporteur: Cristian Dan Preda

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the EU 2015 Report on Policy Coherence for Development (2015/2317(INI))

*The European Parliament,*

- having regard to Article 208 of the Treaty on the Functioning of the European Union, which reaffirms that the Union must take account of the objective of development cooperation in the policies that it implements which are likely to affect developing countries,
- having regard to Article 21 of the Treaty of the European Union, which states that the Union's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law,
- having regard to paragraphs 9 and 35 of the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy, entitled ‘The European Consensus’<sup>1</sup>,
- having regard to the successive conclusions of the Council, the biennial reports by the Commission and the resolutions of Parliament on policy coherence for development (PCD), particularly Parliament’s resolution of 13 March 2014 on the EU 2013 Report on Policy Coherence for Development<sup>2</sup>,
- having regard to the Commission’s fifth biennial report on PCD, namely its Working Document on Policy Coherence for Development, published in August 2015 (SWD(2015)0159),
- having regard to the 2030 Agenda for Sustainable Development, adopted at the UN Sustainable Development Summit in New York in 2015, which includes a target to ‘enhance policy coherence for sustainable development’ (target 17.14)<sup>3</sup>,
- having regard to the European Consensus on Development of December 2005,
- having regard to the Fourth High Level Forum on Aid Effectiveness outcome document of December 2011 on partnership for Effective Development Co-operation,

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<sup>1</sup> OJ C 46, 24.2.2006, p. 1.

<sup>2</sup> Texts adopted, P7\_TA(2014)0251.

<sup>3</sup> [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/RES/70/1](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/70/1)

- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Development and the opinion of the Committee on International Trade (A8-0165/2016),
- A. whereas the Council conclusions on the fifth EC biennial report on PCD, adopted in October 2015, emphasised that PCD will be an important part of the EU's contribution to achieving the broader aim of policy coherence for sustainable development (PCSD);
- B. whereas the adoption of the 2030 Sustainable Development Agenda presents a new challenge for the achievement of PCD, as it establishes a single, universal set of development goals applicable to all;
- C. whereas the EU must take the lead in promoting PCD;
- D. whereas 1.5 billion people are still living in poverty with deprivation in health, education and living standards; whereas most of them are women;
- E. whereas the fiscal space of developing countries is de facto constrained by the requirements of global investors and financial markets; whereas developing countries have been offering various tax incentives and exemptions to attract or retain investors, leading to harmful tax competition and a 'race to the bottom';
- F. whereas the EU has a direct and historical responsibility in its dealings with partner countries;
- G. whereas the current European framework for development lacks effective mechanisms to prevent and remedy incoherencies arising from the policies pursued by the Union;

### *PCD in the framework of the 2030 Agenda*

1. Reiterates that PCD is a key element for delivering and achieving the new sustainable development agenda; calls for proactive action based on a common understanding of PCD; points out that the human rights-based approach should lead to a deepened understanding of PCD, since without addressing the obstacles to the realisation of rights there can be no progress towards sustainable development and the eradication of poverty; considers that PCD should contribute to the establishment of the rule of law, to impartial institutions and to tackling the challenge of good governance in developing countries;
2. Regrets that, although PCD was endorsed in the UN Millennium Declaration<sup>1</sup>, the Lisbon Treaty and the Busan Forum on Aid Effectiveness<sup>2</sup>, little progress has been made as to its concrete implementation;

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<sup>1</sup> <http://www.un.org/millennium/declaration/ares552e.htm>

<sup>2</sup> <http://www.oecd.org/development/effectiveness/49650173.pdf>

3. Calls for an EU-wide debate on PCD in the framework of the 2030 Sustainable Development Agenda and its new 17 universal and indivisible SDGs, so as to understand better how the concept might fit with the more universal concept of PCSD;
4. Recalls that the sustainable development goals apply to both developed and developing countries and that the SDGs should be comprehensively integrated into the EU's decision-making process at both internal and external levels; stresses the need to develop governance processes to promote PCD at the global level, and calls for the inclusion of PCD as a core issue in the upcoming EU policy debates on the new Global Strategy and the MFF;

### ***PCD mechanisms***

5. Calls for PCD to be discussed at a European Council meeting in order to foster an interinstitutional debate involving the Commission, the EEAS, the Council, and Parliament, as well as debate at the national level;
6. Proposes that in preparation for that summit, the Commission and the EEAS should address concrete recommendations to the EU heads of state and government on effective mechanisms to operationalise PCD and integrate EU strategies to better implement SDGs, and on how to define more clearly the responsibilities of each EU institution in achieving PCD commitments; believes that such a process should be as transparent and as inclusive as possible, involving local and regional governments, civil society organisations and think-tanks;
7. Welcomes the creation of a group of Commissioners involved in external relations; calls for regular reporting on the work of this group by the VP/HR to the Committee on Development;
8. Considers that the mechanisms that have been used by some EU delegations to provide feedback to the Commission's 2015 PCD Report should be extended to all EU delegations, and that this should become a yearly exercise; calls on the EU delegations to ensure that PCD is on the agenda of the respective bilateral meetings and joint assembly meetings, as well as of the yearly meeting of EU Heads of Delegations in Brussels;
9. Welcomes the Better Regulation Package adopted by the Commission on 19 May 2015; further welcomes the fact that PCD is specifically mentioned as a legal requirement in Tool 30 of the Better Regulation Guidelines (COM(2015)0215);
10. Regrets the fact that although impact assessments represent a significant tool for achieving PCD, assessments of development impacts remain few in number and do not properly address the potential impact on developing countries; hopes that the Better Regulation Package and its guidelines will improve this situation by taking development and human rights into account in all impact assessments and by enhancing transparency; calls on the Commission systematically to consult human rights organisations at an early stage of the policymaking process and to put in place stronger safeguards and mechanisms in order to better balance stakeholders' representativeness; welcomes the public consultation on the roadmap, which opens up opportunities for external

stakeholders, including developing countries and civil society, to give their views and actively participate; considers it necessary to undertake more systematic ex-post assessments during EU policy implementation;

11. Believes that more emphasis must be put on institutional coordination, whether between EU institutions or with Member States; calls on the governments of the Member States to embed PCD in a legally binding act and to define a Policy Coherence for Sustainable Development (PCSD) action plan to operationalise it; considers that national parliaments should be more fully involved in the PCD agenda, in the context of their capacity to hold their governments accountable and scrutinise progress in this field;
12. Stresses the important role that Parliament must play in the process of promoting PCD by giving it priority in its agendas, increasing the number of meetings between committees and between parliaments relating to PCD, promoting exchanges of views on PCD with partner countries, and fostering dialogue with civil society;
13. Notes that some Member States have established an effective interministerial coordination mechanism with a specific mandate on PCSD; calls for Member States to follow and exchange the good practices already adopted by other Member States;
14. Notes that joint programming is a successful tool for the coherent planning of EU development cooperation activities; welcomes the fact that it includes Member States' bilateral activities in partner countries, but laments past failures to link EU action to Member States' activities, which have led to opportunities for exploiting synergies being missed;
15. Recognises that implementing PCD correctly will require an appropriate level of resources and staff; urges that PCD focal points in national ministries and EU delegations be granted the necessary resources to put in place national and European strategies on PCD;
16. Underlines the essential role played by national parliaments in the implementation of PCSD by ensuring that political commitments, monitoring and the full involvement of civil society organisations (CSOs) receive periodic scrutiny, and by scrutinising impact assessment reports by governments;
17. Recalls its proposal for an independent system within the Union for receiving complaints by persons or communities affected by the Union's policies; recognises the important role of Parliament's Committee on Development and its standing Rapporteur on PCD in relaying the concerns expressed by members of the public or by communities affected by EU policies;
18. Stresses the need for the EU to invest more resources in evidence-based analysis of PCD; calls on the Commission to identify incoherencies without delay and produce an analysis of their cost, as well as to develop adequate monitoring and progress-tracking mechanisms on PCD; also calls on the Commission to include in its analysis proposals on how to avoid and deal with incoherencies between different policies; further stresses the need to improve PCD referencing in programming documents;

19. Points out the need to strengthen PCD in the context of the revision of the European Consensus for Development and of the discussions on the future post-Cotonou agreement;

### ***Priority areas***

#### ***Migration***

20. Acknowledges that the EU is facing its biggest refugee crisis since World War II; stresses that strengthening the link between migration and development policies is essential to addressing the root causes of this phenomenon; believes that the EU should use all the tools at its disposal to tackle the crisis, including security and diplomatic instruments; underlines that the response to the refugee crisis should not focus only on security concerns and that development objectives must be better integrated so as to make EU migration policies compatible with those that seek to reduce poverty; emphasises that PCD represents an important part of the new EU policy on migration; welcomes the adoption of the European Agenda on Migration (COM(2015)0240), which develops a comprehensive response to the crisis; believes that its implementation should be accompanied by concrete actions to boost economic, political and social development and good governance in the countries of origin; highlights the importance of remittances as a source of financing for development; stresses the importance of Member States' agreements with third countries in facilitating safe movement and the mobility of international workers; considers that development aid programmes and budgets should not be used for migration control purposes; stresses that any common migration policy needs to focus on legal routes to Europe and on the reception of migrants;
21. Emphasises that the EU needs greater harmonisation of migration and asylum policies, both within the Union itself and with its international partners; suggests that a truly efficient and holistic migration and asylum policy has to fully integrate EU internal and external policies, in particular within EU working structures; underlines the importance of developing a single common asylum and immigration policy; calls for an inclusive approach to tackle the root causes of migration that is closely linked to development in order to achieve a sustainable settlement of the current migration crisis; recalls that women and girls who are refugees or migrants are particularly vulnerable to sexual violence and exploitation and that a gender perspective must be integrated into EU migration policy;
22. Calls on the EU and its Member States, in order to enhance coherence between migration and development policies, not to report refugee costs as ODA, as doing so has a huge opportunity cost at the expense of development programmes which effectively tackle the root causes of migration;

#### ***Trade and finance***

23. Underlines that the EU and its Member States taken together remain the most important Aid for Trade donor in the world (EUR 11.7 billion in 2013 - SWD(2015)0128); suggests that EU Aid for Trade must also aim to empower poor producers, cooperatives, micro- and small enterprises, facilitate the diversification of domestic markets, enhance women's equality, and further regional integration and the reduction of income

inequality; welcomes the Commission's aim to put more focus on the development-related provisions of trade agreements; recalls the commitment by Member States to make concrete efforts towards the target of 0.7 % of GNP as ODA to developing countries, as well as the OECD/DAC recommendation of reaching an average grant element in total ODA of 86 %; underlines that trade agreements should contribute to the promotion of sustainable development, human rights and the fight against corruption around the world;

24. Recalls that trade liberalisation is not per se positive for poverty eradication, since it can have negative effects on sustainable development;
25. Calls on the Commission to submit an annual report to Parliament and the Council on the implementation of EU Aid for Trade in developing countries, giving details of the amounts and sources of the funding allocated, both under Chapter 4 of the EU budget and under the EDF; takes the view that such a report would provide a sound basis for EU reports on PCD, to be published every two years;
26. Recalls that SDG target 17.15 acknowledges the need to respect each country's policy space for poverty eradication and sustainable development; reiterates the right of developing countries to regulate investment so as to ensure obligations and duties for all investors, including foreign investors, with the aim of protecting human rights and labour and environmental standards;
27. Welcomes the progress made since the establishment of the Bangladesh Sustainability Compact, and calls on the Commission to expand binding frameworks to cover other sectors; urges the Commission, in this regard, to extend corporate social responsibility and due diligence initiatives that complement the existing EU timber regulation or concern the proposed EU regulation on conflict minerals to other sectors, thereby ensuring that the EU and its traders and operators live up to the obligation to respect both human rights and the highest social and environmental standards;
28. Recalls that EU investment policy, especially when involving public money, must contribute to the realisation of the SDGs; recalls the need to enhance the transparency and accountability of development finance institutions (DFIs) in order to effectively track and monitor flows, debt sustainability and added value in respect of their sustainable development projects;
29. Recalls the unique role of ODA in achieving effective development results; calls for the development focus and nature of ODA, including a transparent and accountable reporting system, to be protected; recalls that untying aid is a necessary condition for opening up opportunities for developing-country socio-economic actors, such as local firms or technical assistance experts, and advocates boosting the use of developing-country procurement systems for aid programmes in support of activities managed by the public sector with a view to enhancing the local private sector;
30. Recalls, however, that aid alone is not sufficient; believes that innovative and diversified sources of financing such as a financial transaction tax, a carbon tax, an air ticket levy, rents from natural resources, etc, must be considered and should be aligned with development effectiveness principles; believes that coherence should be strengthened between public, private, international and domestic financing; recognises



the essential role of the private sector in this regard; emphasises that it is important to create the right conditions for private enterprise in developing countries, and to promote the establishment of political and legal frameworks facilitating bank account use and the creation of digital infrastructures;

31. Believes that EU trade policy must take into account the realities and development situation of developing countries in order to achieve PCD objectives, as well as the right of developing countries to establish their own development strategies; stresses that trade and investment agreements concluded by the EU and its Member States must not undermine, either directly or indirectly, development objectives or the promotion and protection of human rights in partner countries; recalls that fair and properly regulated trade in accordance with WTO rules can have potentialities for development; welcomes the inclusion of comprehensive trade and sustainable development chapters in all trade and investment agreements;
32. Calls on the EU to set up an appropriate framework to address how corporations integrate human rights and social and environmental standards; calls for the EU and its Member States to continue to engage actively in the work of the UN's Human Rights Council in order to hold corporations accountable for human rights abuses;
33. Supports an efficient, fair and transparent tax system in line with good governance principles; welcomes the package of tax transparency measures presented by the Commission on 18 March 2015 and the Anti-Tax Avoidance Package presented on 28 January 2016, including the Commission communication on an external strategy to promote tax good governance internationally; highlights the importance of conducting an impact assessment and spillover analysis of new EU tax legislation in order to avoid negative impacts on developing countries; recalls that domestic resource mobilisation through taxation is the most important source of revenue for the public financing of sustainable development; urges the EU to support developing countries in building their capacities in the areas of tax administration, financial governance and managing public finances, and in curbing illicit financial flows; calls on the EU to ensure that corporations pay taxes in the countries where value is extracted or created by them; stresses, accordingly, the EU's responsibility to promote and operationalise globally the principle of PCD in tax matters; urges the EU, to this effect, to strive for the establishment of a new intergovernmental body under the auspices of the UN on international cooperation on tax matters, and to provide the resources needed to allow such a body to operate effectively in order to enable developing countries to participate on an equal basis in the global reform of existing international tax rules;
34. Considers that international cooperation is vital for tackling illicit financial flows and tax evasion, and calls on the EU to encourage further international cooperation on tax matters; calls on the EU to ensure fair treatment of developing countries when negotiating tax treaties in line with the UN Model Double Taxation Convention, taking into account their particular situation and ensuring a fair distribution of taxation rights; welcomes the commitments made at the Addis Ababa Financing for Development conference that took place in July 2015, such as the review of multilateral development finance and the Addis Tax Initiative that aims to help developing countries build up their domestic resourcing systems; calls on the EU to make full use of the OECD Model

Tax Convention, which includes an optional provision for assistance in tax collection;

35. Calls for an evaluation of the impact of price subsidies on exports, tariffs and trade barriers for developing countries;
36. Recalls that efforts to secure access to raw materials from developing countries must not undermine local development and poverty eradication, but should, rather, support developing countries in translating their mineral wealth into real development;

#### *Food security*

37. Stresses that achieving global food security will require PCD at all levels, particularly if the more ambitious targets of Agenda 2030, namely to fully eradicate hunger and end all forms of malnutrition, are to be met; believes that the EU should promote the establishment of robust regulatory frameworks with clear criteria to protect the rights and food security of the vulnerable;
38. Calls on the EU to evaluate systematically the impact of, among other factors, EU agricultural, trade and energy policies – such as biofuel policy – on food security in the developing world and on the livelihoods of the most vulnerable people; urges the Commission to continue to concentrate on cooperatives, micro, small and medium-scale farming and agricultural workers, and to promote sustainable and agro-ecological practices in line with the conclusions of Agricultural Science and Technology for Development (IAASTD), the recommendations of the UN Special Rapporteur on the right to food, and the SDGs; recalls the need to ensure that the deployment of CAP measures does not jeopardise the food production capacity and long-term food security of developing countries; stresses that substantive issues of policy coherence and impact need to be addressed in the ongoing monitoring of the EU's Food Security Policy Framework (COM(2010)0127); emphasises that the EU must support the establishment of processing industries in the agricultural sector and the improvement of food storage techniques; recalls the importance of considering the impact of fisheries agreements on the food security of developing countries; calls on the EU and its Member States to contribute to the prevention of land grabs by supporting developing countries in their implementation at national level of the UN Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests;

#### *Health*

39. Stresses the need for developing countries to assign priority in their budget funding to establishing sound health systems, constructing sustainable health infrastructure and providing basic services and quality care; calls on the EU to support the establishment of universal health cover, which will guarantee the mutualisation of health risks in developing countries;

#### *Climate change*

40. Calls for determined action from the EU, its Member States and all international partners in implementing the recent COP21/Paris climate agreement; stresses that the EU and other developed countries must continue to support climate action to reduce emissions and build resilience to climate change impacts in developing countries, and

in particular in least developed countries (LDCs); recalls the crucial importance of the provision of adequate climate finance in this context; supports the process of EU energy transition and the shift towards renewable energy in this regard; stresses that failure to limit global warming to well below 2°C may undermine development gains; calls on the EU to assume a proactive role in addressing the global climate challenge by establishing strategic priorities at all levels and across all sectors, and to design and implement new binding climate, energy efficiency and renewable energy targets in line with the Paris agreement;

41. Recognises that private finance in the context of climate finance cannot replace public finance; emphasises the need for transparent reporting and accountability and to ensure the implementation of relevant social and environmental safeguards regarding private climate finance;

#### *Gender*

42. Welcomes the EU Gender Action Plan 2016-2020, and encourages the monitoring and implementation of its objectives in all EU external action, including in EU-funded projects at country level; further calls on the EU effectively to mainstream gender equality and women's empowerment in all its policies, including budgets, and to ensure that its external policies contribute to combating all forms of discrimination, including against LGBT persons;

#### *Security*

43. Recognises that there can be no sustainable development or poverty eradication without security; recognises, moreover, that the security-development nexus is an important element in ensuring the effectiveness of EU external action;
44. Highlights the importance of guaranteeing policy coherence and coordination between the EU's external action, security, defence, trade, humanitarian aid and development cooperation policies; draws attention to the challenge of good governance in developing countries; insists that PCD should contribute to the establishment of the rule of law and impartial institutions, as well as to the strengthening of actions leading to disarmament and ensuring public health care and food security, and related policies that ensure security and development;
45. Calls on the EU to strengthen its capacities for crisis prevention and early response in order to reinforce the synergies between the Common Security and Defence Policy (CSDP) and development instruments, finding a balance between short-term responses to crises and longer-term development strategies; suggests that creating a new instrument dedicated to the development-security nexus might limit incoherencies and increase the efficiency of PCD; stresses that this instrument should not be financed through existing development instruments, but through new budgetary appropriations; calls for the inclusion of the priorities and policies of the regions and countries concerned in the elaboration of EU strategies for security and development; welcomes the use of the Political Framework for Crisis Approach (PFCA) as an important tool to allow a common early understanding of crises; calls for reinforced collaboration between the Commission, the EEAS and the Member States in order to deliver a comprehensive analysis that enables an informed choice between CSDP and non-CSDP

actions when dealing with a crisis;

46. Believes that the Strategy for Security and Development in the Sahel<sup>1</sup>, the African Rapid Reaction Force and the Sahel Regional Action Plan 2015-2020<sup>2</sup> are good examples of a successful implementation of the EU's comprehensive approach, effectively mixing security, development and governance responses;
47. Calls on the Commission and the Member States to continue improving links between humanitarian aid, development cooperation and resilience to disasters so as to enable a more flexible and effective response to growing needs;

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48. Instructs its President to forward this resolution to the Council and the Commission.

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<sup>1</sup> [http://eeas.europa.eu/africa/docs/sahel\\_strategy\\_en.pdf](http://eeas.europa.eu/africa/docs/sahel_strategy_en.pdf)

<sup>2</sup> [www.consilium.europa.eu/en/meetings/fac/2015/04/st07823-en15\\_pdf](http://www.consilium.europa.eu/en/meetings/fac/2015/04/st07823-en15_pdf)

## EXPLANATORY STATEMENT

The European Commission (EC)'s fifth biennial report on Policy Coherence for Development (PCD) was published in August 2015, shortly before the September UN Summit in New York formally adopted the 2030 Agenda for Sustainable Development, which includes a target to "enhance policy coherence for sustainable development" (target 17.14)<sup>1</sup>. The Council conclusions on the fifth EC biennial report, adopted in October 2015, emphasised that PCD will be an important part of the EU's contribution to achieving the broader aim of policy coherence for sustainable development (PCSD). While the EU has frequently reaffirmed a political commitment to PCD, the challenge still confronting the Union is how to implement this commitment in practice.

The previous reports by the European Parliament have played a pivotal role in advancing the concept of PCD by institutionalising a standing Rapporteur on PCD in the Committee on Development, affirming that PCD is a matter for which the EP is politically responsible (as co-legislator and in its role as the democratically elected institution), and putting forward concrete proposals further to operationalise the concept at EU level.

Besides taking stock of the progress reported by the European Commission and identifying areas to improve existing EU mechanisms on PCD, this Report seeks to stimulate debate about the future of the concept at EU level.

### 1. Evaluation of PCD mechanisms

#### PCD, PCSD and Agenda 2030

PCD first emerged on the EU political agenda at the beginning of the 1990s, and was institutionalised by the Maastricht Treaty in 1992. However, it was only in 2005 that the EU agreed on an ambitious PCD agenda, which afterwards was anchored firmly in the EU's 2005 European Consensus on Development. In the meantime, the adoption of the Millennium Development Goals (MDGs) served as a catalyst for this evolution, as it became apparent that achieving these goals would require more than just development aid, and that far-reaching synergies would be needed between the EU's development and non-development policies. The Lisbon Treaty, which entered into force in 2009, reiterated the EU's legal obligation to pursue PCD and further strengthened the overall focus on achieving consistency between the EU's internal and external policies.

While making sure that policies in developed countries are "development friendly" and "do not harm" developing countries remains key, there is increasing consensus today on the need to move beyond this paradigm. PCD has evolved into a requirement to seek synergies

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<sup>1</sup> [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/RES/70/1](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/70/1)

between development cooperation and other policies, as well as to correct existing incoherencies.

With the adoption of the Sustainable Development Goals (SDGs), 2015 represented another key moment in the evolution of PCD. The SDGs will require a more integrated approach to policy-making, with more emphasis on coherence: achieving PCD will have a very strong impact on the implementation of the 2030 Agenda for Sustainable Development. While PCD originated in a North-South context, stressing the responsibilities of “wealthy developed” countries towards “poor” developing countries, the adoption of the 2030 Agenda challenges this vision by establishing a single, universal set of development goals applicable to all, overcoming the donor-recipient paradigm.

The EU should therefore take the lead in promoting a universal PCD agenda that moves the concept forward towards sustainable development. While other organisations such as the OECD have embraced the PCSD concept, the EU has yet to take a clear stance. The Council conclusions on the fifth EC biennial report, adopted in October 2015, tasked the Commission and EEAS, in close consultation with other partners, to present concrete proposals on how better to integrate PCD into how the EU approaches the implementation of the 2030 Agenda. The Parliament needs to be centrally involved in this effort.

PCD is not yet widely understood internationally; it remains largely a European concept. The EU and OECD are frontrunners in the PCD debate. In an increasingly interlinked world, we need to work towards a common approach in order to make the concept more universal. We cannot achieve real progress in integrating PCD in the implementation of the SDGs if the other key international actors (US, Japan, and the BRICs) are not familiar with the concept. The Parliament should therefore call for an EU debate on PCD in the framework of the 2030 Sustainable Development Agenda, to see how PCD can fit into the more universal concept of PCSD.

### **PCD mechanisms**

Since 2005, the EU has put in place several key tools to ensure an efficient and systematic implementation of PCD through EU policies. We need to find a way to use these tools better. PCD implementation is still quite difficult for the EU, because it involves building synergies between policies both horizontally (such as trade, agriculture and migration) and vertically (at the global, regional and national levels). One of the main challenges of PCD within the EU is how to reach out to other policy areas, outside a niche audience of development actors.

The Commission's report in itself is a useful tool for raising awareness about PCD, but the report would be even more useful if it addressed PCD progress in a more analytical way. Concrete recommendations on how to tackle PCD challenges should be an integral part of the report. Raising awareness about PCD should also be the responsibility of EU leaders, as it is a highly political issue. Therefore, the Rapporteur calls for a **European Council meeting on PCD** before the publication of the next Commission's report in 2017. A European Summit on PCD would serve two main objectives: it would raise awareness of PCD by fostering an inter-institutional debate within the EU (Commission, EEAS, Council, EP) and at the national level (all ministries). In preparation for the summit, the Commission and the EEAS should deliver a paper to the EU heads of state and government with concrete recommendations on how to operationalise the implementation of PCD. This process should be inclusive, involving civil

society organisations and think tanks. The second objective of the European Summit on PCD would be to define more clearly the responsibilities of each EU institution in achieving the PCD commitment. The Council has also a role to play in strengthening PCD by bringing the issue out of the development and foreign affairs silos to other formations of the Council.

Implementing PCD correctly will require sufficient resources and staff. The PCD focal points in ministries at national level and EU delegations should be granted necessary resources to put in place national and European strategies on PCD. Most PCD focal points in EU delegations do not have the requisite capacity to be able to work uniquely on PCD-related issues.

Since the publication of the Commission's 2013 report on PCD, several new tools have been set up to improve PCD implementation. The Rapporteur welcomes the new structure of the Juncker Commission, which works in a more collegiate manner with a cross-cutting approach and more coherent policy making. The Rapporteur also welcomes the creation of a group of Commissioners involved in external relations, chaired by the Commission Vice President/High Representative. This group of Commissioners is a good illustration of the need to commit politically to PCD at the highest level. The Parliament should call for regular reporting on the work of this group by the VPC/HR to the DEVE Committee.

Another innovation is the new role played by EU delegations in reporting mechanisms. The 2015 PCD report benefited from the feedback of 41 EU delegations. This reporting exercise needs to be extended to all EU delegations, and become a yearly exercise. PCD e-training for the delegations is also a positive development. To involve the EU delegations more, not only in reporting but also in implementation, the issue should be on the agenda of the yearly meeting of EU Heads of Delegations in Brussels. The Heads of EU Delegations have a key role to play because of their comprehensive vision of all EU policies in specific countries or regions, and they can report on shortcomings and incoherencies – including after consultation with local actors such as government and civil society organisations.

The Rapporteur welcomes the Better Regulation Package adopted by the European Commission on 19 May 2015 (COM(2015)0215). The package and the toolbox that the Commission uses to assess the impact of EU policies will contribute effectively to the progress of PCD, because coherence will be taken into consideration from the very beginning of the policy cycle. We should also welcome the fact that the legal obligation for PCD is mentioned specifically in Tool 30 of the Better Regulation Guidelines. Moreover, the Better Regulation Guidelines require that possible impacts on human rights in developing countries be analysed at all stages of the formulation and implementation of a policy.

Impact assessments are a significant tool for achieving PCD. The Rapporteur regrets that the assessment of development impacts remains low, and hopes that the Better Regulation Package and its guidelines will improve this situation. Measuring progress towards and the impacts of PCD is also a challenging task for the EU: we need to improve our results-oriented approach, establish quality targets and develop clearer PCD indicators. The independent assessment that will be put in place is a positive step that will allow EU PCD achievements to gain credibility. Potentially, an independent assessment will also suggest new measuring and reporting tools.

Joint programming is another successful EU tool for the implementation of PCD, one that permits coherent planning of EU activities. The Rapporteur welcomes the fact that joint

programming includes EU Member States' bilateral activities in specific countries, as this will contribute to the efficiency of EU actions on the ground. The failure to link EU action to Member States' activities has led in the past to missed opportunities to exploit synergies.

The commitment to PCD by EU Member States has grown considerably since 2013; we have seen a rise in the number of PCD focal points in various national ministries. Now EU Member States need to make greater efforts to put in place reporting mechanisms linked to PCD.

## **2. Priority areas : focus on EU external policy**

The EP's resolution on PCD for 2016 analyses and formulates concrete recommendations for five priority areas (trade and finance, food security, climate change, migration and security). The Rapporteur proposes that it should, however, focus on EU external policy.

Considering that the refugee crisis and destabilisation in the EU neighbourhood is putting into question the foundations of the EU itself (for instance, European solidarity and the Schengen system), external action is an area on which PCD should focus. Stabilising the EU's neighbourhood should be an absolute priority for the EU. There has been significant progress in PCD applied to EU external action because of the combined role played by the Vice-President of the Commission / High Representative (VPC/HR). The EU's Comprehensive Approach is becoming a reality even if it is still confronted by serious challenges.

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\* \*

The 2030 Agenda for Sustainable Development represents a unique opportunity to address the interlinked challenges of poverty eradication and sustainable development. PCD remains both a political and economic imperative for the EU. It does not have to be, as one commentator put it, "mission impossible"<sup>1</sup>, provided that there is political will, as well as the consistent application and continuous improvement of all EU policy tools.

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<sup>1</sup> 'Mission Impossible: the European Union and Policy Coherence for Development', Carbone, M., *Journal of European Integration*, 2008, 30:3.



15.3.2016

## **OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE**

for the Committee on Development

on the EU 2015 Report on Policy Coherence for Development  
(2015/2317(INI))

Rapporteur: Lola Sánchez Caldentey

### **SUGGESTIONS**

The Committee on International Trade calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Recalls that trade and finance is one of the five priority areas of policy coherence for development (PCD); recalls that all EU external policies, including trade and investment, must also be aligned with Article 21 of the Treaty on European Union and must contribute to sustainable development goals, respect for human rights and gender equality; recalls the principles mentioned in Article 24(2) of Council Regulation (EC) No 260/2009; recalls that PCD is a responsibility of developed countries, but that developing countries also have a significant role to play in ensuring that it is fully effective;
2. Emphasises that Article 208 of the Treaty on the Functioning of the European Union (TFEU) sets reduction and, in the long term, eradication of poverty as the primary goal of Union development cooperation policy, and establishes the principle of PCD, which requires this goal to be taken into account in all EU policies that are likely to affect developing countries, including trade policy;
3. Recalls likewise the EU's commitment to mainstream gender in all its policies and the importance of guaranteeing that men and women benefit equally from social changes, economic growth and the creation of decent jobs, doing away with discrimination and promoting respect for women's rights in the world;
4. Calls for the establishment of an EU-Africa co-development partnership focusing on strategic issues such as energy, sustainable management of natural resources and innovation;
5. Emphasises that trade remains crucial for economic growth and sustainable development

and has helped to lift hundreds of millions of people out of poverty; recognises, however, that not all developing countries have enjoyed such gains and that least developed countries in particular remain marginalised in global trade;

6. Recalls that trade liberalisation must not be an end in itself but must instead be regarded as a means of fostering the sustainable development of economies and societies; recalls that fair and properly regulated trade, if aligned with sustainable development goals (SDGs), could have potentialities for development; calls on the Commission to strengthen the effective enforceability of SDGs and include comprehensive sustainable development chapters in all trade agreements; emphasises that in order for the developing countries to take advantage of trade and investment opportunities, it is necessary to continue supporting domestic revenue mobilisation reforms in developing countries, to help improve their capacity to increase revenues, and to tackle tax evasion and avoidance by supporting the design of efficient, effective, fair and transparent tax systems, in line with principles of good governance;
7. Emphasises that efforts to strengthen the capacity of developing countries to mobilise private resources must necessarily be accompanied by measures to create environments that are favourable to responsible and sustainable entrepreneurship and investment, starting with the eradication of political corruption and with fair, effective and transparent taxation, accompanied by firm action to fight tax fraud, tax evasion and tax havens; recalls that EU investment policy, especially when involving public money, must contribute to the achievement of the SDGs; calls for the EU to work towards closer international tax cooperation as agreed by the G20 and the Addis Ababa Action Agenda; recalls, in this regard, that monitoring schemes such as country-by-country-reporting should be promoted and more widely applied;
8. Commends the EU for being the frontrunner in providing duty-free, quota-free access for all goods (except arms and ammunition) from LDCs through the Everything But Arms (EBA) initiative as part of the EU's Generalised Scheme of Preferences (GSP);
9. Recognises that one third of total official development aid (ODA) currently supports trade-related needs; calls for the EU to remain the global leader in providing support to Aid for Trade programmes that are designed to help developing countries reap the benefits of new trade deals;
10. Welcomes the commitment made by the Commission in its 'Trade for All' communication to undertake an in-depth analysis of the potential effects of new Free Trade Agreements (FTAs) on LDCs, including their effects on demand for LDC products, regulatory matters and market access; calls on the Commission to commission independent and exhaustive studies on the potential effects of trade and investment agreements on developing countries; calls also on the Commission to put forward measures to ensure that the benefits of trade agreements trickle down to developing countries; calls on the Commission to ensure that trade agreements negotiated with partner countries, in particular neighbourhood countries, have the clear aim of fostering the economic and social development of those countries; urges the Commission to align all EU trade-related instruments with the SDGs, including free trade agreements, in particular the Economic Partnership Agreement with African countries, plurilateral and multilateral agreements under the WTO, the GSP, Aid for Trade, EU Regulations, and international

standards and codes of conduct, in order to tap into the full potential of these instruments; urges that this be taken into account when addressing Economic Partnership Agreements and Environmental Goods Agreements, in order to effectively enhance the positive opportunities they afford for sustainable development;

11. Urges the Commission to step up efforts to advance democratic multilateral fora on trade issues in which all countries are represented on an equal footing and to position itself as the defender of the interests of developing countries on trade issues;
12. Regrets that the level of ambition displayed by successive sustainable development (TSD) chapters in EU trade agreements has often not met the highest standards; stresses the importance of ensuring proper monitoring and enforcement of the provisions contained in such chapters, and calls for the full involvement of civil society organisations and social partners in this area, both in partner countries and in the EU;
13. Welcomes the progress made since the establishment of the Bangladesh Sustainability Compact, while acknowledging that important challenges remain and need to be addressed;
14. Calls on the Commission to consider the Bangladesh Sustainability Compact as an example to be followed and further developed in the future in relation to similar situations in other developing countries;
15. Recalls the Commission's commitment to carrying out sustainability impact assessments (SIAs) on all trade negotiations; regrets that SIAs have not been carried out in a timely fashion; calls on the Commission to deliver on its commitment and to ensure that the impact of potential trade agreements on developing countries is properly taken into account;
16. Calls for the EU and its Member States to commit to increasing Aid for Trade support for developing countries, particularly least developed countries , while addressing fair and ethical trade in the upcoming revision of its Aid for Trade strategy, as announced in the 'Trade for All' communication;
17. Takes the view that special attention should be paid to globalised value chains, that labour and environmental conditions in these global value chains need to be clearly regulated at all stages of assembly, and that CSR must be further developed in this respect;
18. Stresses the importance of safeguarding the right of countries to regulate and preserve policy space in order to develop infant industries, in accordance with the specific needs of partner countries, while respecting the trade agreements; urges the Commission to ensure that trade agreements and policies support developing countries' strategic economic sectors and do not challenge the efforts of partner countries to increase the domestic value added in order to upgrade along the global value chains, and to create decent jobs locally, prioritising the contribution of women to economic development, especially in rural areas, as essential elements for endogenous development; asks the Commission to include an evaluation of this aspect in its regular reports on the implementation of bilateral agreements;
19. Calls on the Commission to monitor the implementation of the WTO's Bali and Nairobi

Packages, in particular with regard to the elimination of agricultural export subsidies at multilateral level, the decisions of specific benefit to the LDCs and the Agreement on Trade Facilitation;

20. Calls on the Commission to continue to lead efforts to support and facilitate universal access to medicines at affordable prices, while striking a proper balance with intellectual property rights, and to take political action to raise the visibility of public health and universal access to medicines in international trading relations; calls, to this end, on the Commission to support the designation of a European Year of Health and Access to Medicines;
21. Stresses the importance of participation through broad and transparent consultation of national parliaments, civil society organisations and other stakeholders from both the Member States and third countries, in the negotiation, implementation and monitoring of EU trade and investment agreements and policies;
22. Acknowledges the contribution of the private sector and the EU's leading role in promoting CSR in international fora; calls for the EU and its Member States to promote the multilateral debate on investment treaties, to take into account UNCTAD's Investment Policy Framework for Sustainable Development recommendations in order to stimulate more responsible, transparent and accountable investments, and to actively engage with the UN Human Rights Council in its work towards an international treaty that would hold transnational corporations accountable for human rights abuses; and recalls that the UN Guiding Principles for Business and Human Rights (the Ruggie Principles – 'Protect, Respect, Remedy') are still not being fully implemented in EU policies;
23. Calls on the Commission, in this connection, to encourage EU and third country governments to use public procurement policy to promote adherence to and respect for international CSR guidelines and principles among businesses, by considering the past record of companies as regards responsible business conduct in the award of public procurement contracts;
24. Calls on the Commission to set up product traceability systems and an EU register of businesses involved in EU development projects, in order to ensure that the actions of businesses are more transparent and to enable citizens to monitor the actions of EU businesses outside the EU, while at the same time facilitating the dissemination of experience on an international scale and, equally important, the visibility and positive image of EU businesses;
25. Calls also on the Commission to promote the creation of coordination fora and joint meetings for international businesses, public authorities and civil society organisations, both in the EU and in third countries, in order to foster exchanges of good practice and the establishment of synergies conducive to inclusive growth and development.

## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	15.3.2016
<b>Result of final vote</b>	+: 31 -: 6 0: 2
<b>Members present for the final vote</b>	William (The Earl of) Dartmouth, Daniel Caspary, Salvatore Cicu, Marielle de Sarnez, Santiago Fisas Aixelà, Christofer Fjellner, Eleonora Forenza, Karoline Graswander-Hainz, Jude Kirton-Darling, Bernd Lange, Marine Le Pen, David Martin, Emmanuel Maurel, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franz Obermayr, Artis Pabriks, Franck Proust, Tokia Saïfi, Matteo Salvini, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Jan Zahradil
<b>Substitutes present for the final vote</b>	Klaus Buchner, Agnes Jongerius, Frédérique Ries, Fernando Ruas, Pedro Silva Pereira, Jarosław Wałęsa, Pablo Zalba Bidegain
<b>Substitutes under Rule 200(2) present for the final vote</b>	Angel Dzhambazki, Axel Voss, Tatjana Ždanoka

## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	20.4.2016
<b>Result of final vote</b>	+ : 18 - : 2 0 : 0
<b>Members present for the final vote</b>	Ignazio Corrao, Nirj Deva, Doru-Claudian Frunzulică, Charles Goerens, Heidi Hautala, Maria Heubuch, Teresa Jiménez-Becerril Barrio, Linda McAvan, Maurice Ponga, Cristian Dan Preda, Lola Sánchez Caldentey, Elly Schlein, Pedro Silva Pereira, Davor Ivo Stier, Bogdan Brunon Wenta, Anna Záborská
<b>Substitutes present for the final vote</b>	Marina Albiol Guzmán, Paul Rübig, Patrizia Toia
<b>Substitutes under Rule 200(2) present for the final vote</b>	Amjad Bashir