



Growth and Development

Equity, sustainability and responsibility in favour of human well-being

} Policy coherence for development:

Making economic development pro-poor and sustainable, by addressing impacts of EU climate, agriculture, finance, and private sector policies.

} Bottom-up change:

Promoting human development based on social and environmental sustainability and justice by supporting and empowering small-scale, poor and women actors.

Submission to the European Commission on its Green Paper on inclusive growth and sustainable development

February 2011



Responding to the signs of the times

A debate on the future of EU development policy is timely. Within the EU, a number of major policies are undergoing review in preparation for the 2014 Multiannual Financial Framework. At the same time, the new EU external relations set-up emerging from the Lisbon Treaty offers new opportunities to fulfill the EU Treaty objective of poverty eradication.

Globally, we are in a new decade, with new dynamics. The financial, climate, and food crises have raised serious questions as to the sustainability of predominant economic models, and exposed the evolving balance of power among countries and regions. CIDSE Irish member Trócaire, with support from the UK Institute for Development Studies, has undertaken research on global trends in development over the coming ten years, in its Leading Edge 2020 project (results to be presented in March 2011).

This is the decade of the deadline for the Millennium Development Goals, with two challenges: their attainment by 2015, and the question of what comes after. CIDSE England & Wales member CAFOD has undertaken research on Southern civil society views towards a post-2015 global development framework¹, and CIDSE is engaged in building a Beyond 2015 coalition on what is needed, and how to get there. The review of EU development policy must take these challenges into account.

} Politics and economy should serve the common good, aiming for a just distribution of wealth, power and resources, and a voice in decision-making for those affected by policy choices

What kind of growth, and what kind of development?

In the current global context, CIDSE members such as CAFOD², Center of Concern³ (US), CCFD-Terre Solidaire (France), and Misereor (Germany), have worked to articulate an alternative vision, expressed by one as “a new global green economy for human well-being.” The need for new models has been highlighted by efforts to redefine measures of economic performance and social progress (alternatives to GDP), such as Sarkozy’s Stiglitz Commission and similar initiatives in the UK, Germany, and Italy.

CIDSE advocates a shift from models that encourage a material conception of being, illustrated by resource- and carbon-intensive consumption along with extreme profits and inequalities, to models that work in favour of human well-being – living simply, in community –, giving priority to equity, sustainability, and responsibility. This implies changing incentives, for example taxing economic and financial activity with harmful impacts (speculation, carbon emissions), as well as fairly taxing profit so that benefits are widely shared.

Politics and economy should be at the service of the common good, with the aim of a just distribution of wealth, power and resources, and a voice in decision-making for those affected by policy choices, according to the principle of subsidiarity.

Underlying CIDSE’s vision are moral values, derived from Catholic Social Teaching but not exclusive to it. Central among our principles are a preferential option for the poor; pursuit of the common good; stewardship of creation for future generations; and an emphasis on community and family rather than mainly individual choice. Through our work, and partnerships with a broad set of locally-rooted civil society organisations in developing countries, we aim at the fulfillment of human rights including basic needs, of gender and social equity, and the active participation of people in the development of their societies.



What role for EU development policy?

Development is about people. This means that EU development policy should work to enable and impact the poorest, as directly as possible. Economic development and opportunities are central to poor people's concerns and aspirations, and yet the relationship between growth and poverty reduction is far from certain. Research has shown that success factors include the fair distribution of income and wealth during the growth process⁴. There are also examples of models with low growth in parallel with advances in development.

Support for economic development must not primarily bring benefits for European actors or Southern elites, but should target sustainable economic activities and decent livelihoods for the poorest, and particularly women.

Economic objectives should be complemented by support for other crucial elements of well-being and productivity, including health, education and training, and family care.

The EU can most increase its impact in contributing to development, in the following two ways:

1. Policy coherence for development

Other EU policies can have equal, if not more, impact on development than the EU's cooperation programmes. For example, EU corporate, tax and finance policies influence the level of illicit financial outflows from developing countries, worth several times more than aid flows. The ability of development policy to contribute to pro-poor economic development also requires conducive policies in other areas, including climate, agriculture, finance, and in relation to the private sector. In "policy coherence for development", the "for development" must prevail. Otherwise, approaches to encourage growth, and to work

together across policy areas, risk subsidising mainly EU economic interests, for example in natural resources, and in market share, investment opportunities and frameworks for EU companies.

For example, prioritising renewable energy could take the form of cooperation with EU companies in sourcing and production of biofuels. In this case, it would be necessary to consider the impact of several other current EU policies, including EU climate policy biofuels targets and their impact on land use and food security, investment policy relating to the issue of "land grabbing" by private companies, and requirements for corporate reporting on social and environmental impacts of company operations.

Policy coherence should be a top priority for EU development policy because, in addition to being an EU Treaty obligation:

[There is clear EU "added value":](#)

The EU is perhaps even the only level where this work can be effective. Major policies including agriculture and trade, climate and finance, are either exclusive EU competencies, or increasingly discussed and decided at EU level.

[The new EU external relations set-up offers new opportunities:](#)

One of the objectives of the EU External Action Service is to break down old policy silos and project a stronger, more coherent EU approach. The institutional transition involving the EAS and the new Commission service DG Development Cooperation (DEVCO) offers a unique opportunity to reorganise human capacity, strengthening both expertise in Brussels on other policies, and analysis at country level on the actual or potential impacts of those policies on development.

Key ingredients for a successful approach include political leverage, human and financial capacity, and transparent decision making processes. Just as other Directorates General have units on development issues, DG DEVCO needs greater dedicated capacity to cover other policies. Policy incoherence is often the result of imbalances in power, with EU private economic interests outweighing the broader interests of the global common good.

Climate: Increasing the EU's emission reduction commitments from 20 to 30% by 2020, in view of the more than 40% actually needed by 2020 to avoid the worst impacts of climate change.

Agriculture & food security: National and international regulation on land acquisition to stop "land grabbing" and secure land rights of vulnerable people.

Private Sector: Mandatory reporting by European companies on social, environmental and human rights impacts, as well as improving accounting standards to end the problems associated with transfer pricing, enhancing transparency through country-by-country reporting.

However, within the EU's budget, development spending has significant weight. So, there is also an issue of best using resources and leverage to weigh in on other policy debates, particularly in terms of research and analysis on policy impacts. An increased ability of the EU's development policy to weigh in on the following priority issues, would deliver high impact for development.

Finance: Increasing regulation of financial markets and ensuring the financial sector, as the biggest winner from globalization, pays its fair share for global public goods, including through a financial transaction tax to finance climate adaptation/mitigation and poverty eradication.

Governance: EU single representation in global fora such as the International Monetary Fund and World Bank, and G20, making room for Southern representatives.

2. Change from the bottom up

Aiming for high-impact development policies requires a vision both for the development we want, and for how we can effectively bring about change. Both governmental and non-governmental organizations face these questions. Since 2007, CIDSE has been engaged in defining and improving our development effectiveness. The human development that CIDSE agencies and our partners promote includes social and environmental sustainability, and is based on the imperatives of social justice, as laid out above. Such change requires us to not only tackle the symptoms of poverty, but also its underlying causes – rooted in structural injustices and historical imbalances of power between North and South.

CIDSE agencies work to bring about a process of 'civic-driven societal change' – that is change in how society is organised, driven by the active work of citizens. This has three underlying contentions: change is needed in power relations; civil society organisations are key actors in the process of change ; and an 'alliance of change' is needed to bring about this change in power relations (with civil society organisations allying with government, private sector, the Church and other institutions). CIDSE agencies look at both change in material conditions as well as non-material conditions, such as people having a say in their own lives, being free to make decisions, being treated with equality and respect.



In this respect, consultation and participation are a precondition for development, particularly in case of large-scale economic projects like in extractives and infrastructure.

For the EU, due to its relatively high levels of financing and perceived added value, together with relatively low human capacity to manage these resources, there is a temptation to fund large-scale (export/infrastructure) projects. However, this is not necessarily the best strategy for delivering benefits to the wider population, and poor and marginalized communities: building rural roads to enable farmers to reach local markets is equally part of a pro-poor economic development agenda.

Climate: Climate funds should commit to fulfill social and environmental due-diligence requirements, to guarantee the protection of vulnerable communities and local environments (including for example meaningful and effective consultation with affected communities).

Agriculture & food security: Focus on smallholder and female integration into agricultural value chains and markets, including securing access to the means of production (land, water, affordable inputs, labour, financial services and credit) and to processing and marketing opportunities, as well as support to the strengthening of smallholder capacity to organise and to enhance their bargaining power vis-à-vis other value chain actors.

Moreover, a focus on large infrastructure investments, while perhaps attractive in terms of delivering visible results or “value for money,” will not necessarily attack the underlying causes of poverty, namely imbalances and structures of power.

Two key elements for broad-based, fundamental change are: targeting small-scale, poor and women actors; and integrating empowerment as a fundamental approach. Ensuring participation of women and women’s organisations as agents of development in particular has proven to have big multiplier effects (nutrition, education, health, economic development). This implies focusing on the following priority issues:

Private Sector: Focus on small (and women’s) business, livelihood creation, local markets (access to credit, financial /human resources management, training/skills development, relevant infrastructure, ability to organize/advocate for interests).

Finance: Increasing transparency in matters relating to revenue and spending, empowering citizens to demand accountability.

Governance: Strengthen capacity of Southern governments to oversee investment (institutions providing social & economic protection, labor tribunals, technical expertise in monitoring compliance); and ensure space for civil society (e.g. addressing criminalization of social protest).

Conclusion

Development policy cannot be the driver of growth. But it can play an important role in making economic development more pro-poor and sustainable, by addressing inequalities and impacts of other policy areas, and by empowering people to become real actors, able to determine their future.

References

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