



EUROPEAN UNION

Delegation of the European Commission
to the United Nations

**Joint Meeting of the Executive Boards of UNDP, UNFPA and
UNICEF, with the participation of WFP**

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"The UN and Europe: active multilateral partners"

Check against delivery

Honorable Administrator and Executive Directors, distinguished delegates, ladies and gentlemen,

I am very pleased to be here today to address the Joint Meeting of the Executive Boards of UNDP, UNFPA and UNICEF, with the participation of WFP – a meeting bringing together the governing fora of the central development bodies of the UN system.

The overall message that I intend to make clear in this speech can be summarized as follows:

The European Commission places high priority upon intensifying and enhancing its relations with the United Nations in the field of development. The European Commission already interacts with the UN in the two main areas of operations and policy debate. Although progress has been achieved over the years, there is scope for improvement and for the development of a more effective partnership. We must strive to shift EC co-operation with the UN-system from its emphasis on ad-hoc, project-based collaboration to a more systematic and programmatic level. At the same time, the mutual engagement in a policy dialogue must be intensified. This should be based on recognition of the added value and the core capabilities of UN bodies in relation to the development policy priorities of the European Community.

This objective has to be seen in the context of a change in the EC's development policy over the last year. Looking back at the year 2000, three major elements have helped to shape the new approach by the European Community to development policy and development co-operation:

- 1) The European Commission and development ministers of the EU have, in the Development Councils of May and November 2000, agreed to a European Development Policy ;
- 2) The 15 EU countries and the 77 African, Caribbean and Pacific countries in the ACP partnership have set a new milestone in the relationship between them by agreeing the new Cotonou Agreement, and finally
- 3) The Commission has taken far-reaching decisions on how to reform and radically improve the management of Community external aid.

These three important decisions should help the Community to respond to the double challenge of how to make our external aid more effective and how to help developing countries to integrate themselves progressively into the world economy.

In this context, designing a new development policy for European Community was an absolute necessity. We have done so, making the reduction of poverty the central focus and overall objective of our policies and activities . Today, poverty must be understood as a multifaceted problem, which requires an equally multifaceted approach. Therefore, in

order to foster poverty reduction, the EC's development policy pursues an integrated approach addressing the economic, political, social, environmental and institutional dimensions on all levels: on a global, regional, national and local level; with partners and actors in the public, private and civil sector.

Beyond this global objective the Commission intends to concentrate on a number of core tasks, and therefore plans to focus the Community's development activities in those areas where it can offer comparative advantages, added value and contribute to the overall objective of poverty eradication.

The new EC development policy identifies six such areas:

- 1) Trade and development;
- 2) Regional integration and co-operation;
- 3) Macro-economic policies linked with poverty reduction strategies, in particular the strengthening of social sectors like health and education;
- 4) Reliable and sustainable transport which plays a key role in access to basic social services and to economic progress;
- 5) Food security and sustainable rural development strategies;
- 6) Institutional capacity building, good governance and the rule of law.

Crosscutting issues, such as gender aspects, environmental sustainability and human rights will be fully integrated into all activities.

The decision on a number of priority areas is in recognition that the Commission has to concentrate its efforts on the areas where it has a proven track record and on how it can provide an added value to what other development partners, in particular the EU Member States, are doing. This approach is based on the concept of complementarity and division of labour. In other words those other areas of activities will not be abandoned altogether. In those areas we will increase our co-operation with our Member States, other bilateral and multilateral donors, in particular the UN system and the BWI's. The Community, as one of the largest donors, will also attempt to play an increasingly active role in the concert of development partners. We have thus gone mainstream in our development efforts and are trying to make the best use of existing frameworks and processes, such as the PRSP and the UNDAF. In the development of Country Strategy Papers for the future multiannual planning we have decided to base our programming on those instruments, where available.

An important milestone in the relations with the ACP states was achieved with the signing of the **Cotonou Agreement**. The Europe-ACP partnership has significantly

developed during the past 40 years: from the Association system in 1957 to the Yaoundé Conventions in 1963 and 1969 and the four Lomé Conventions (1975, 1980, 1985, 1990, and 1995). The renewal of the ACP-EU Agreement has been the subject of intensive discussions since 1996. Wide-ranging public debate has made it possible to assess the expectations and changes needed to breathe new life into the partnership.

International development strategies have evolved over time in order to adapt to current needs. The Washington consensus established a policy framework for sound macroeconomic practices in all countries by introducing market economy principles. However, these principles were adopted ahead of the establishment of a culture of democratic decision-making, which would have provided an appropriate setting for the effective functioning of a market economy. The 1995 Copenhagen UN World Summit for Social Development (WSSD) established an element of intellectual balance and a framework for providing the possibility of more egalitarian politics. The Copenhagen commitments have served as a fundamental base for the EC's newly declared policy orientation for development co-operation which aims for a closer link between poverty eradication, social development and improved policy coherence. These commitments have been fully incorporated in the recently signed ACP-EU partnership agreement, which places the fight against poverty at the centre of a sustained development strategy and for the integration of developing countries into the global economy.

The new ACP-EU Agreement, signed in Cotonou on 23 June 2000, builds on these past experiences and reflects an evolution of the political dimension. Dialogue plays a key role in the success of development cooperation activities, and the political dimension of poverty reduction strategies is now an integral part of development processes. The Cotonou Agreement associates the political dimension with trade and development assistance.

As a first step, the political dimension of relations between ACP countries and the EU has to be reinforced, involving the civil society as well as the private sector and other non-State players. The respect of human rights, democratic principles, rule of law, good governance, gender equality, corruption and the importance of communication and information are all to be addressed in this dialogue. The key objective of the agreement is the reduction of poverty. This is embedded in an innovative economic and trade cooperation framework, by which we will support regional integration and co-operation efforts of ACP countries. In this context, we will negotiate Regional Economic Partnership Agreements (REPAs), which should be at the heart of regional free trade areas but should also integrate other policy issues. This process should help ACP countries to integrate themselves gradually into the world economy, giving prominence to strengthening regional co-operation as part of this process. I would like to insist on this element - the very heart of our new strategy. Regional co-operation and integration is a cornerstone of any co-ordinated and effective response to the challenges of globalization. Trade is strongly linked to environmental and labour standard issues. The Cotonou agreement also paves the way for increased foreign direct investments, which we intend to stimulate through a new € 2.2 billion business investment facility.

This new Agreement will dispose of funds in the order of 13.5 bn euro plus 10 bn euro, which were not allocated during previous Agreements, for the period of 2000 through 2007. The allocation of these funds will be based on evaluation of the individual requirements of each country and their policy performance. The country-by-country approach is now based on the concepts of selectivity and effectiveness, another leading feature of the new relationship. Like the agencies reporting to your Boards, the EC's development policy will be result orientated rather than input orientated.

Important matters such as peace building, conflict-prevention policies and migration have also been introduced into the new Agreement.

Finally, I would like to say a few words regarding the reform of the Commission's external service.

On the 1st of January 2001, the reorganization and reform of the external services came into effect. The reform's key aim of improving effectiveness is essentially based on three main elements.

First, a new Europe-Aid Co-operation Office has been set up for the management of most of the EC's external assistance. With effect from January 1st 2001, the new Europe-Aid Co-operation Office commenced management of 80% of the EU's external assistance, amounting to more than 9 billion s annually in aid projects around the world. This means that the external assistance projects are now managed under a single administrative structure, from identification of projects to monitoring of their implementation and to evaluation.

The launching of the Europe-Aid Co-operation Office is an important phase in implementing the radical reform of the management of EU's external assistance, as decided by the Commission last May, in order to speed up delivery and improve the quality of programs and projects.

The Europe-Aid Co-operation Office will operate under a Management Board chaired by Commissioner Chris Patten (External Relations), with myself as its Chief Executive Officer. Commissioners' Verheugen (Enlargement), Lamy (Trade) and Solbes Mira (Economic and Financial Affairs) will be members of this Board.

A second element is the establishment of stronger and more articulate internal mechanisms for ensuring the quality and coherence of programming of EC assistance throughout the world. The adoption of a standard framework for Country Strategy Papers as a practical methodological tool will also facilitate complementarity and the division of labour.

A third element is the thorough screening of existing commitments in an effort to improve the speed and quality of spending.

Finally, the work on the launch of the first phase of deconcentration and devolution of powers to the delegations is well advanced, including provision of the necessary human and material resources. The program will begin with 23 delegations in 2001 and will be extended to all delegations by the end of 2003.

As the reform is a dynamic process, it will be subject to constant review and fine-tuning. At every stage we will assess how the system works and, if necessary, we will take more steps to pursue reforms at an even deeper level.

In the context of the management of external assistance, one of our ambitious goals will also be to strengthen our co-operation with selected United Nations development and humanitarian bodies.

This is a priority for both the Swedish Presidency of the EU, as well as for the Commission. We are already making every effort to improve the "enabling environment" for EC/UN collaboration including, for example, proposing changes to our legal requirements which would provide scope for a more flexible co-operation with the UN, as well as changing the corporate culture in the European Commission as far as co-operation with the UN is concerned.

The coming year will again see a number of important international meetings dealing with topics specifically related to our common concern of supporting any efforts directed at the eradication of poverty. For example, the 3rd Conference on LDCs is to be held in Brussels in May 2001, and the preparations for the Meeting on Financing for Development are underway. Both events need to address, amongst others, the issue of the role and efficacy of ODA in a changing international environment. The international community must resist the temptation of providing easy declamatory answers, but should strive to continue towards a more effective, co-ordinated and results-orientated development co-operation. The 3rd LDC's Conference should also alert the world to the specific needs and challenges of this group of particularly vulnerable countries. The EU, as the host of this Conference, will do its best to contribute to the success of this endeavour. The FFD event, on the other hand, should be used primarily as a means to explore new and innovative ways of mobilizing domestic and international revenues for development. The Commission will be an active partner in these discussions.

The Community's development policy has entered a new era. Given our role as a major global partner in development co-operation, we are ready to bear our share of the responsibility to improve the so-called international society's ability to do what a society ought to be able to do. We need more global governance – not less. Closer co-operation between the European Commission and the UN family will strengthen this. Let us all join forces in this common endeavour.