

Priorities for the EU's development cooperation in a post-Covid 19 era

Towards a people-centred, fair and sustainable recovery

Six EU priorities for a people-centred recovery

- 1** Develop early warning and action systems on civic space and support CSOs through long-term and flexible funding allowing for the emergence of innovative cooperation models inside civil society.
- 2** Support partner countries in implementing ILO guidance on national social protection floors, invest in national health systems, primary health services, routine immunisation and maternity, sexual and reproductive health.
- 3** Invest in education systems and youth access to decent jobs through promoting hybrid education services, building teachers' qualifications, supporting skills training courses, the TVET sector and career guidance counselling.
- 4** Adopt a holistic, intersectional and multi-sectoral approach to gender justice and realise the full potential of the EU GAP III by combining gender-mainstreaming and targeted actions and involving CSOs.
- 5** Invest more resources in climate adaptation, loss and damage, decentralised renewable energy and agroecological approaches and shift towards supporting locally led initiatives and systems and small-scale producers.
- 6** Develop humanitarian, development and peace approaches and strategies on the basis of national and local actors' perspectives and practices.

Executive summary

This report draws on lessons learned by ACT Alliance EU and its members from the Covid-19 pandemic and the impact of containment measures in developing countries. ACT Alliance EU members work in long-standing established partnerships with local civil society organisations and communities in developing countries. We have drawn on that experience to assess the impact of the pandemic on key elements of a fair and people-centred development process.

We highlight key learnings and recommendations for attention and priority in the post-Covid era and to feed into the broader debate on the post-Covid recovery process. We consider how to rectify the pre-existing structural causes of poverty and inequality that were exacerbated by the pandemic and to build greater resilience to future shocks.

The Covid-19 pandemic and the fallout from the measures to control it have exacerbated structural determinants of poverty and vulnerability.¹ Unemployment rates in many countries are the highest in recorded history. Remittances from certain regions have decreased and foreign direct investments have plunged.² Pre-existing inequalities in access to education, health, land, and water have increased. New inequalities created by the digital gap and inequitable vaccine distribution have come to the forefront, while restriction of fundamental freedoms due to emergency measures and laws have made it harder for citizens to be heard. People in situations of poverty, those suffering from discrimination and without adequate social protection have been hit hardest.

To enable an equitable and sustainable recovery that leaves no one behind and to pursue the sustainable development goals, we argue that the priorities of development cooperation need to shift towards more people-centred and community-led approaches. Engaging women and youth and giving them a leading role will be critical to achieve the needed social, economic, and ecological transition. We also explore effective modalities for working with and in support of local actors including by implementing a triple nexus approach rooted in their realities and practice.

We focus our report on 5 action areas that are key to boost a fair and people-centred development process in a post-Covid era:

1. fundamental freedoms and an open civic space
2. social protection and universal health coverage
3. education and youth empowerment
4. gender justice
5. food systems, climate change adaptation and renewable energy

We then explore methodological approaches that can enhance the effectiveness of humanitarian and development aid and make a real difference at people level. We conclude with recommendations on how development finance, Policy Coherence for Development and a strategic use of ODA can contribute to these objectives.

1 UN/DESA, *Impact of Covid-19 on SDG progress: a statistical perspective*, Policy Brief, August 2020, available at: <https://www.un.org/development/desa/dpad/publication/un-des-policy-brief-81-impact-of-covid-19-on-sdg-progress-a-statistical-perspective/>.

2 African Union, *Impact of the Coronavirus (Covid-19) on the African Economy*, Report, April 2020, available at: https://au.int/sites/default/files/documents/38326-doc-covid-19_impact_on_african_economy.pdf.

Part 1. Five key action areas of a people-centred recovery and development

Action Area 1: Protecting fundamental freedoms and an open civic space

Develop early warning and action systems on civic space leading to common and coherent political action.

Support CSOs through long-term and flexible funding allowing for the emergence of new and innovative cooperation models inside civil society.

The open and pluralist civic space is shrinking and closing in many places. Groups that speak out against the rights of women and minorities are gaining authority in debates. This concern has increased with the Covid-19 pandemic, as many governments restrict civic freedoms and expand surveillance.³

Shrinking civil society space affects civil society organisations (CSOs) and their constituencies but also harms the human development and security of the entire population. With fundamental freedoms and meaningful civil society participation, the voices of marginalised groups and their needs gain importance. This means that development becomes inclusive and sustainable. Civic space is essential for transparent, reliable data and information.

We encourage EU delegations and Member States' embassies to develop early warning and action systems on civic space. These systems require systematic monitoring of fundamental freedoms, laws, institutions, and norms, covering both

physical and digital spaces as well as Covid-19-related restrictions, their duration and impact. This monitoring should lead to common and coherent actions of support such as clear and consistent statements accompanied by discreet diplomacy. A representative range of civil society actors should feed into the monitoring process.

In the last 18 months, civil society actors have shown the importance of their work. Despite tremendously difficult circumstances, local CSOs, such as local faith groups, women-led NGOs, and organisations of people with disabilities who earn the trust of communities and groups at risk stood by communities in need. They greatly contributed to the containment of the epidemic by spreading information and prevention measures.

Civil society is at its strongest when acting in solidarity. Partnerships are key for supporting societal cohesion, peace and resilience including gender equality and non-discrimination. Thanks to their legitimacy and moral authority, faith-

³ Brot für die Welt, *Civic space and the Covid-19 pandemic - How civil society actors and organisations are affected and react*, Analysis 103, June 2021, available at: <https://www.brot-fuer-die-welt.de/fileadmin/mediapool/downloads/fachpublikationen/analyse/Analyse103-en-v08.pdf>.

based and religious actors have a responsibility and a history of engagement in raising sensitive issues in the defence of civic space, human rights and dignity and should be involved in dialogues and partnerships. INGOs and the EU, including Member States, should support networking and cooperation between diverse CSOs active at local, regional and international levels. Special attention should be paid to those who suffer from repression but have limited access to justice, such as actors working at community level.

To support CSOs in their multiple roles, long-term and flexible funding is needed. In line with the OECD-DAC Recommendation on Enabling Civil society in Development Cooperation and Humanitarian Aid, donors should *increase the availability and accessibility of direct, flexible, and predictable support including core and/or programme-based support, to enhance (local CS actors') financial independence, sustainability, and local ownership*. Flexible funding allows for the emergence of new and innovative cooperation models inside civil society.

Action Area 2: Building resilience through universal health coverage and social protection floors

Support universal social protection programmes to reach anyone in vulnerable phases of life.

Strengthen national health systems and routine services, such as the immunization of children, maternity health, and primary health services.

Increase accountability and transparency on the EU's action for fair global access to diagnostics, medical devices and vaccines.

Rights-based and gender responsive social protection, universal health coverage, access to education for all and decent work are critical to contributing to reducing inequality and “building back better” in the post-pandemic.⁴

Health and social protection spending should be regarded as a method of improving disaster preparedness. It is an investment in the productive capacity of all individuals and is a precondition for social and economic development. In times of crisis, social and health protection systems enable

states to react quickly and mitigate the negative impact on individuals and society. When delivered in a way that people perceive as fair and reliable, social protection and public services contribute to the social contract that makes citizens prepared to pay their taxes.⁵

In 2012, ILO member states and social partners unanimously adopted ILO Recommendation 202. This is a commitment to guarantee access to basic medical care and a minimum level of income security for all inhabitants as a first

4 Brot fur die Welt, *Reducing inequalities requires redistribution*, Chapter: Social Protection and Inequality, August 2019, available at: https://www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Analyse/Analysis_90_Reducing_inequality.pdf.

5 Kidd S., Nycander G.A., Tran A. and Cretney M., *The social contract and the role of universal social security in building trust in government*, Working Paper, November 2020, Development Pathways and Act Church of Sweden, available at: [www.svenskakyrkan.se/filer/578537/Social-Contract-paper-Nov242020FINAL%20\(1\).pdf](http://www.svenskakyrkan.se/filer/578537/Social-Contract-paper-Nov242020FINAL%20(1).pdf).

step. There is an understanding that states will continuously develop more comprehensive programmes to complement the floor. The commitment to social protection floors and universal health coverage are reiterated in Agenda 2030.⁶ However, implementation gaps are still large, especially in low-income countries. While high-income countries invested an average of US\$ 695 per person in social protection in response to the Covid-19 crisis, the average in low-income countries was US\$ 4.

The EU and Member States should follow ILO guidance on national social protection floors as well as commitment to universal health coverage. EU and MS investments in social assistance should be part of a process of building systems and capacities that lead towards rights-based, universal and gender-responsive social protection based on individual entitlements. Counterintuitively, “poverty targeting” is in general not pro-poor. It is inaccurate and excludes large parts of the intended target groups. Universal or “categorical” programmes that are available to anyone in a vulnerable phase in life, such as childhood, sickness, parenting, ageing, or unemployment are far more inclusive.

The Covid-19 crisis shows that health and illness follow a social gradient: the lower the socio-economic position, the worse the health. Populations with high social risk have been disproportionately affected by the spread of the Covid-19 and the containment measures.

In current circumstances, the EU and member states must maintain and reinforce national health systems and routine services, such as the immunization of children, maternity health, and primary health services. Routine vaccine

programmes and the fight against other diseases like tuberculosis, malaria, HIV-AIDS, and measles should be supported and prioritised. Adequate financing and access to mental health services and psychosocial support should be part of the broader healthcare package in response to the Covid-19 as well as ensuring access, quality and use of sexual and reproductive health and rights (SRHRs) services.

To address the current inequities in Covid-19 vaccine access, a rights-based approach with diversified market capacity and production where people’s well-being is prioritised should come above profit. The EU Member States should call for accountability on EU action to ensure equitable supply of treatment and vaccines globally, increased transparency on pricing and on the trade secrets and intellectual property for medical products developed through investment of public funds. We need treatment and distribution systems that include those hardest to reach, for example, those lacking ID cards and access to social protection systems and those living in war and fragile contexts.

We recommend working with civil society and faith-based organisations — including the faith-based health care systems⁷ — at national and local levels. As a network representing faith-based organisations globally, ACT Alliance EU insists that the social determinants, norms and systems pertaining to religion are crucial elements of any comprehensive strategy on health. Faith leaders have an influence on the uptake, acceptability and accessibility of preventive measures and services.

6 Target 1.3 and 3.8.

7 FBOs are major health providers in developing countries, providing an average of about 40 percent of services in sub-Saharan Africa. Despite being closely aligned with community needs, FBOs often go unrecognized because they usually operate outside government planning processes.

Action Area 3: Empowering youth and investing in education

Invest in education systems to ensure continuity in learning through the promotion of high-tech, low-tech and hybrid education services.

Invest in skills training courses, the TVET sector and career guidance counselling services to boost youth employment.

Consult and actively engage youth in the development of policies in response to Covid-19 and the recovery to build intergenerational solidarity and resilience.

The Covid-19 crisis has accelerated youth vulnerabilities through the disruption and loss of income, education and health. To avoid intergenerational division and the risk of not achieving the SDGs, the EU and MS should focus on youth as an asset in a people-centred recovery and development.

The Covid-19 pandemic has reshaped education services. Digital and distance learning, low-tech, high-tech, and hybrid models of education should continue, especially in contexts of fragility and instability. Investing in education, fostering the quality of learning, and making schools accessible for all are foundational to youth empowerment.

The vital role of teachers is clear and was highlighted by the pandemic. Ensuring teacher training, decent remuneration and well-being should be a focus of the recovery and future development plans. Education policies, programmes and teachers' training should integrate a gender-transformative and an inclusive approach. This will address and challenge discriminatory norms and other barriers to education that have been exacerbated by the pandemic.

Creating decent jobs is critical to mitigate the negative socio-economic impact of the crisis. This will contribute to alleviating youth poverty,

supporting social cohesion, and building trust and resilience among future generations. Short-term training focusing on marketable skills and links with the world of work is recommended.

Accelerated learning programmes, catch-up classes and remedial education are needed to bring in those who are out of the education system or did not return to school after the end of restrictions. Emerging sectors, such as digitalisation and the green economy represent opportunities to create decent jobs for youth populations.

The EU and MS should invest in improving the Technical and Vocational Education and Training (TVET) ecosystem. Several areas can be addressed: modularising long-term formal and non-formal TVET education programmes; linking short-term livelihood skills training to coherent certified TVET systems; integrating a gender and youth-responsive approach across the TVET sector; and expanding the recognition of prior learning. We encourage the alignment of career guidance counselling services with the Convention on the rights of the child (UN) and the Human Resources Development Convention (ILO).

Youth empowerment means actively engaging with youth representatives from diverse backgrounds and interests and involving them in decision-making processes. Consulting and leveraging youth mobilisation in the roll-out of health

and non-health interventions; facilitating the collection of age-disaggregated data; increasing budget allocations for and facilitating access to

youth-responsive programmes are recommended strategies to build intergenerational solidarity and a just and inclusive recovery.

Action Area 4: Supporting a universal, gender-responsive recovery

Adopt a holistic, intersectional and multi-sectoral approach to gender policymaking by combining gender-mainstreaming and targeted interventions.

Commit firmly to the full realisation of Gender Action Plan (GAP) III.

Guarantee the funding and the involvement of women's rights organisations, during the planning, implementation, monitoring and evaluation of GAP III.

Around the world, we are witnessing a backlash against gender equality, women's and LGBTIQ-persons' rights, and sexual and reproductive health and rights (SRHRs). Fundamentalist and right-wing groups and governments use religion, culture, and tradition to push against the promotion of human rights and gender equality. The unfolding of the Covid-19 pandemic has exacerbated this pushback and revealed, even more, the disruptive face of patriarchal systems, which underpin injustices and nurture persistent structures of inequality in our societies.

In the face of these challenges, gender policies and strategies must adopt a holistic, intersectional, and multi-sectoral approach. This approach takes into account the interwoven systems of inequality linked to dynamics of gender, class, race, religion, and migration status to overcome the pandemic and achieve SDG 5. Policies and other measures must consider the situation of women, girls and LGBTIQ systematically and adequately in design, financing, and implementation.

A two-track approach combining gender-mainstreaming and gender-specific interventions is necessary to address inequality while addressing power imbalances and historical disadvantages experienced by women and girls. The Covid-19 pandemic has highlighted the need for policy makers and development planners to mainstream gender perspectives at all stages of budgeting and planning processes. This will improve the effectiveness of policies, legislation and programs in advancing gender equality and women's empowerment.

The EU Gender Action Plan (GAP) III 2020 - 2025 endorses these approaches. Backed by the Gender Equality Strategy 2020-2025, GAP III represents a comprehensive agenda for doing so. The Presidential conclusions adopted by 24 Member States express a commitment to accelerate progress on gender equality in the context of Covid-19⁸. We expect the 24 MS and the EU institutions to stick to their commitments and advocate for full financing and implementation of GAP III at EU

8 Presidency conclusions on the Gender Action Plan (GAP III) 2021-2025 — An ambitious agenda for gender equality and women's empowerment in EU external action, 16th December 2020, available at: <https://data.consilium.europa.eu/doc/document/ST-13947-2020-INIT/en/pdf>.

and MS level. For GAP III to be successful, we anticipate the involvement of CSOs, especially women rights organisations, during the planning, implementation and monitoring & evaluation phases.

We expect the EU to speak up against antifeminism and the current backlash against gender equality within the EU itself and at international negotiations. We expect the EU, through its foreign policy, to act as a role model with regard to gender equality and women's and girls' rights.

Action Area 5: Transitioning to sustainable, fair and resilient food and energy systems

Support agroecological initiatives, research and approaches.

Shift towards sustainable, resilient and local food systems that support and empower small-scale producers.

Increase finance to community-led climate adaptation and to loss and damage.

Accelerate investments in local and decentralised renewable energy provision.

4.5 billion people's livelihoods depend on food systems. During the Covid-19 crisis, lockdowns, interrupted transport systems and reduced market and trade dynamics have severely affected small-scale farmers and producers. This is in addition to their already critical vulnerability due to the effects of climate change.

The combined effects of climate change and the Covid-19 crisis have made it urgent to shift towards sustainable food systems and has prompted many countries to consider shorter and more local value chains of essential agricultural crops. Agroecology is a key enabler of food systems' transformation into sustainable, local and resilient systems.⁹ The EU and its member states should support agroecological initiatives and research.

Agroecology encompasses various approaches, including organic and regenerative farming and localised food production. It empowers producers and reduces vulnerabilities, contributes to food security, climate change mitigation and adaptation, ecosystem and biodiversity protection, nutritional health, livelihoods diversification and poverty reduction.

Another key element of a fair and green recovery is to increase the financing for community-led climate adaptation and for loss and damage and to accelerate investments in local and decentralised renewable energy provision.¹⁰ Community-led action in climate and energy has a high potential by mainstreaming renewable energy, climate adaptation, ecosystem management

9 ACT Alliance EU, *A 10+13 Agroecology Approach to shape policies and transform food systems*, Policy Paper, January 2021, available at: https://actalliance.eu/wp-content/uploads/2021/02/Policy-paper_mainstreaming-agroecology-in-EU-policies.pdf.

10 ACT Alliance EU, *Setting the standard: Climate Finance from EU and EFTA Member States*, January 2021, available at: https://actalliance.eu/wp-content/uploads/2021/01/ACT-Alliance_EU_SettingTheStandard.pdf.

and restoration into existing income generation activities in both rural and urban areas.¹¹

Climate adaptation and loss and damage support should have an explicit focus on addressing and averting risks to agricultural livelihoods of the poorest and most vulnerable. Decentralised renewable energy generation is the fastest and most cost-effective way to ensure affordable energy access, especially in rural areas.¹² There is a need to sharpen and build skills at the local level on determining what types of interventions are appropriate for specific food, climate or energy-

related challenges and when these interventions can be applied.

Communities and the CSOs who represent them should participate in the development of the national policies and plans. National agriculture and renewable energy policies, national adaptation plans (NAPs) and nationally determined contributions (NDCs) for climate mitigation need to include the safeguards of free, prior, and informed consent (FPIC) for all legitimate land users whose land use rights will be affected by large-scale projects.

Part 2. Means and methodologies of implementation

1. Approaches to community and locally led response

Normalise institutional strengthening for local actors within funding structures and models to promote mutual capacity and accountability enhancement between local actors and INGOs.

Support current efforts to establish and integrate multi-stakeholder national localisation reference groups and steering committees.

Set an EU framework for equitable partnerships between local actors, INGOs and UN agencies building on the Grand Bargain endorsed Global Localisation Framework.

Locally-led response and equitable partnerships between INGOs and local actors is central to

our vision of people-centred, effective long-term development cooperation and humanitarian

11 ACT Alliance report, *Climate-Resilient, Sustainable, and Low-Emission Livelihoods*, March 2021 (lessons from ACT Alliance members' projects), available at: https://actalliance.org/?post_type=act_news&p=16214.

12 Christian Aid Briefing, *Doing renewables right: taking rights and environment into account*, August 2020, available at: <https://actalliance.eu/wp-content/uploads/2021/01/CA-J187453-TFCJ-briefing-A-just-energy-revolution-taking-rights-and-environment-into-scene-web-AW.pdf>.

response. Triple-nexus¹³ approaches should be rooted in the practices and perspectives of local actors. The Covid-19 crisis has highlighted the fundamental role of local actors and communities, including faith actors. We need to accelerate progress towards a system in which local first responders have equal power and an equal voice in coordination and programming.

Local leadership: Barriers to progress, capacity and accountability

A barrier to donor and INGO investment in local leadership is a lack of trust in local actors' capacities to adhere to due diligence standards and accountability models. To address these two areas, accountability towards taxpayers must be balanced with accountability towards local actors and communities.

Useful practices by donors and INGOs to strike this balance include developing frameworks for mutual capacity sharing and co-led risk assessments between partners. Models based on accompaniment¹⁴ based on local actors' identified priorities and mentoring are more effective than 'tick the box' training exercises.

Equality in the partnership model requires increased ambition for local actor leadership in coordination and governance structures. Local and national civil society forums and networks play a key role in defending civic space. As civil

society space shrinks, the development and humanitarian communities should be intentional in supporting the mobilisation of national steering groups involving all stakeholders relevant to the implementation of locally-led response at country level.¹⁵ Donors and international civil society have a key role in ensuring accountability towards local communities and in working with various levels of the state to press for protection of civic space. The Grand Bargain 2.0 and pilots such as the ECHO-funded Accelerating Localisation Through Partnerships have attempted to do so by developing national frameworks of localisation of humanitarian and development action. ECHO should continue to resource, analyse and scale up such efforts.

Scaling up support to survivor and community-led action (sclr)

Often the key first responders are the communities and individuals, who mobilise informally to address immediate needs, survival, protection, and long-term recovery. The sclr approach of the Local2Global Protection Platform is used to mobilise and facilitate emergent responses of individuals and communities facing both sudden and slow onset crises. This enables flexibility for those groups to address both the immediate response and the development needs often simultaneously.¹⁶

13 Joined up humanitarian, development and peacebuilding actions, the so-called 'triple nexus'.

14 Staff of both the INGO and local agency work together in programme and policy development to address their respective gaps. For example, INGO staff accompany local actor staff to obtain CHS certification; local agency staff may accompany INGO staff in developing stronger coordination systems for responsive MEAL with affected communities.

15 See the model of the national steering committees established under the ECHO-funded Accelerating Localisation Through Partnerships programme in Myanmar, Nigeria, South Sudan and Bangladesh and Grand Bargain 2.0 efforts to create national reference groups: <https://www.christianaid.org.uk/about-us/programmes/accelerating-localisation-through-partnerships#reports>

16 ACT Alliance EU members and partners involved in the Local2Global community of practice have piloted and globally scaled up a comprehensive methodology for survivor and community-led response (sclr). The methodology is a point of reference for ECHO's Disaster Preparedness note and new Cash Policy for such approaches. See: Corbett J., Carstensen, N., Di Vicenz S., Survivor-and community-led crisis response, Practical experience and learning, May 2021, available at: https://odihpn.org/wp-content/uploads/2021/05/HPN_SCLR-Network-Paper_WEB.pdf.

The approach is based on a well-developed system of small-scale group cash grants. It focuses on enhancing and supporting existing capacities and developing coordination among diverse local stakeholders.¹⁷ Coordinated efforts between

external aid and citizen/community-led responses is important for developing balance and efficiency in the aid system. These efforts need to be improved and scaled.

2. Community resilience and contextualising the triple nexus

Frame joined-up humanitarian, development and peace approaches on the basis of national and local actors' perspectives and practices.

Involve and support organisations led by women, sexual minorities and youth to ensure a do no harm approach.

Local realities, alongside the experiences and needs of communities and local actors, must form the foundation for contextualising triple nexus policies and interventions.

Framings of the triple nexus developed in international governing bodies are valuable for conceptual thinking and considering how to address institutional barriers. However, evidence repeatedly signals that local actors, including faith leaders and communities, are already operating in a 'holistic' manner integrating elements of a humanitarian and development response. Donors need to articulate a strategy which is informed and shaped by the perspectives of local and national actors of crisis affected countries. This strategy will need to translate the wealth of policy framings into action plans. This is needed to contextualise and reflect the sensitivities involved in bringing in the peace element.

As per the OECD DAC Recommendations, strategies for joined up approaches should include gender-sensitive analysis of conflict drivers by context, particularly the risks of sexual exploitation and harm. To support this the leadership of women's organisations must be prioritised in developing and shaping effective triple nexus approaches.

Financial resources

Flexible resources are vital for local actors to identify their needs, adapt when circumstances change and address humanitarian, development, and peace aspects fluidly. Flexible resourcing supports autonomy, resilience and the leveraging of local and nationally supported schemes.

Very often, groups facing humanitarian crises move quickly to simultaneously address humanitarian needs alongside long-term

¹⁷ For explanation and guidance on Group Cash Modalities and the use in supporting locally led response across the triple nexus see: Tønning M., and Kabeta, A, R, Levering the potential of Group Cash Transfers. A complementary report to the Group Cash Transfer: Guidance and Tools, February 2021, available at: <https://www.calpnetwork.org/publication/leveraging-the-potential-for-group-cash-transfers-a-complementary-report-to-the-group-cash-transfer-guidance-and-tools-pilot-version/>.

development and peace challenges while not necessarily referring to the triple nexus terminology. The short-termism of humanitarian funding, only accessible to local actors through partnering with an INGO, is frequently viewed by local secular and faith actors to their detriment. It can undermine long-established and trusted relations with the communities they serve. This poses a challenge both to INGO and donor funding models, which vary greatly between humanitarian, development and peace programming. Funding applications need to be simplified. Urgently. Deadline restrictions and technical burdens currently prevent local civil society from applying their own solutions.

Within Europe, The Danish Ministry of Foreign Affairs provides one of several useful benchmarks for progressing in this direction.¹⁸ First, the new Strategic Partnership Agreement of the Danish MFA provides scope for a single flexible grant which can be applied to partnership with the same local partner across programming areas. The Agreement exhorts partners to develop mechanisms for transfers of funds to local partners and for ownership and leadership. Learnings from humanitarian action can then be transferred effectively to regular development and peace programming, and vice versa. The peace pillar is explicitly tied to respect for humanitarian principles and international CHS standards.

3. Policy Coherence and Development Finance

Support domestic resources mobilisation in partner countries and create an intergovernmental body on tax matters under the auspices of the UN.

Take initiatives to develop a permanent international debt relief mechanism.

Support the establishment and funding of a Global Fund for Social Protection.

Boost the Covid-19 vaccine production at global level through the transfer of technology and know-how and by identifying clear and actionable solutions on intellectual property rights.

Many Low Income Countries (LICs) have to face the impacts of the Covid-19 crisis with a greatly constrained fiscal space. According to the 2021 Africa's Development Dynamics report,¹⁹ between 2019 and 2020, the ratio of tax to gross domestic product (GDP) is expected to decrease by about 10% in at least 22 African countries; total national

savings could drop by 18%, remittances by a fourth and foreign direct investment by 40%. The Covid-19 negative shock is increasing fiscal expenditure to support health and economic activities, which will probably double fiscal deficits. As a result, Africa's debt will soar to about 70% of

18 Ministry of Foreign Affairs, *Strategic Partnership with the Ministry of Foreign Affairs of Denmark 2022-2025*, Expression of Interest Note. See also, for example, *Development Policy Committee, Greater than the Sum of its Parts — why is a triple nexus approach needed for Finland's development cooperation, humanitarian assistance and peace actions?*, 4th March 2021, available at: <https://www.kehityspoliittinentoimikunta.fi/en/activity/2245>.

19 African Union Commission/OECD, *Africa's Development Dynamics 2021: Digital Transformation for Quality Jobs*, January 2021, available at: https://www.oecd-ilibrary.org/development/africa-s-development-dynamics-2021_0a5c9314-en.

GDP in current US dollars, with debt exceeding 100% of GDP in at least seven countries.

These figures illustrate the urgent need to significantly increase the mobilisation of domestic resources. Progressive tax systems are needed to reduce inequalities, expand and upgrade public services and generate resources for public investments. Illicit financial flows and tax avoidance and evasion facilitated by the lack of transparency and weak corporates' reporting requirements at EU and international level severely undermine these efforts. Creating an intergovernmental body on tax matters under the auspices of the UN is the best way to make sure that tax systems contribute to equitable public resources mobilisation at a global and national level. We call for fair international tax governance and increased transparency in the tax reporting of multinational companies.

Many developing countries allocate more resources to debt servicing than to either public health care or education. Higher income countries have been able to borrow cheaply to finance additional spending but many LICs and MICs don't have such option and are vulnerable to interest rate rises. European governments should consider how they can support greater fiscal space in LICs and MICs, for example, through rechannelling Special Drawing Rights (without classing such transfers as ODA). The temporary moratorium on debt payments provided by the international community to a limited number of countries falls short of what is needed to face the current debt crisis. Private creditors have not taken part in the relief provided so far. There is a need for a transparent and binding multilateral framework, "a debt workout mechanism", under the auspices of the UN to provide systematic, timely and fair restructuring of sovereign debt.

EU and Member states Financing for (sustainable) Development, including ODA, and Policy Coherence for (Sustainable) Development (PCD) are essential to support the post-Covid recovery. Important policy areas where the EU can have long-term positive impacts through PCD are international finance and taxation, including debt management and relief; sustainable food systems and food sovereignty, international trade and investments; extractive industries, natural resources management and climate and energy. The private sector plays a critical role in many of these areas and the EU has a responsibility to enforce the UN guiding principles on Business and Human rights, human rights impact assessments and due diligence and respect for free, prior, and informed consent of indigenous communities in all activities undertaken by European companies in developing countries.

The Covid-19 pandemic puts global cooperation and solidarity — and consequently the Policy Coherence for Development — to the test. The EU and Member States must urgently reach agreement with pharmaceutical companies to engage in technology and know-how transfer to increase production capacity globally of vaccines, medical equipment, treatments and diagnostics for the fight against Covid-19.

The TRIPs vaccines patent waiver also remains an essential mechanism to unblock global production. The focus on donations of excess doses is important, but current donations are wholly insufficient, close to expiry and in many cases liability complexities burden receiving countries.²⁰ The EU and its member states should engage in the C-TAP facility as a first step but also seriously look at solutions to barriers related to trade secrets. We must move away from a charity model of donations and empower upskilling and production globally.

20 Marriott A., and Maitland A., *The great Vaccine Robbery- Pharmaceutical corporations charge excessive prices for Covid-19 vaccines while rich countries block faster and cheaper route to global vaccination*, 29th July 2021, Policy Brief, available at: <https://reliefweb.int/sites/reliefweb.int/files/resources/The%20Great%20Vaccine%20Robbery%20Policy%20Brief%20final.pdf>.

4. ODA: a unique and strategic resource for people-centred development

Increase ODA to LICs, focusing on human development, while making sure that ODA to MICs is used to catalyse poverty reduction and promote democracy.

Use blended finance only in areas where private investments are not detrimental to universal access to public services, and make sure blended finance mechanisms do not crowd out public support to the social sectors.

In LICs and fragile states, ODA still accounts for a substantial part of foreign financial flows. These countries have less access to Direct Foreign Investments and a lower flow of remittances. There is a need to concentrate ODA in these countries in the areas highlighted in this report which have a direct impact on human development and human rights. It will be key for the EU to fulfil and even exceed its own ODA spending targets on gender equality, climate change, biodiversity, and human development in LICs, in line with the Global Europe instrument regulation.

In MICs, ODA should be used to support activities addressing poverty, inequalities and targeting hard to reach groups that are otherwise difficult to finance. Such activities include capacity and institution building to reinforce state and civil society structures which foster democratic space and accountability, redistribute wealth, and boost social protection. To achieve the ILO social protection floors commitment, we call on the EU and its member states to support the establishment and funding of a Global Fund for Social Protection, as proposed by the UN Special Rapporteur on extreme poverty and human rights at the Human Rights Council, in June 2021.²¹

Blended finance, such as credit guarantees, can be a suitable tool for mobilising private investments in projects that are potentially profitable. It is of critical importance, however, that the increased use of ODA resources for these mechanisms is not detrimental to public goods and universal access to public services. It must not crowd-out investments in social sectors. In accordance with the OECD DAC Blended Finance Principles²² such financing instruments should adhere to the standards of development cooperation, including the four key development effectiveness principles.

21 Olivier de Schutter, Report of the UN Special Rapporteur on extreme poverty and human rights, *Global fund for social protection: international solidarity in the service of poverty eradication*, June 2021, available at: https://undocs.org/en/A/HRC/47/36?fbclid=IwAR3MOwqk-8XsfB73qTKySh34Eyr4MayYgo_ehOJKVo4asvdVFO3YGqHhB-s.

22 OECD, *OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the Sustainable Development Goals*, January 2018, available at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/OECD-Blended-Finance-Principles.pdf>.