THE EUROPEAN COMMISSION’S “BETTER REGULATION PACKAGE” WILL IT SERVE POVERTY ERADICATION AND HUMAN RIGHTS?
Summary

Decision-making processes are critical vehicles to advance human rights and global development agendas. From the early consultation step to the ultimate policy evaluation phase, the question of the impacts of the European Union on poverty in developing countries and on human rights must be properly addressed, with the view to avoid negative effects. With the adoption of the “Better Regulation package” in May 2015, the European Commission has committed to “deliver better rules for better results” and to design EU policies and laws that achieve their objectives at minimum cost. With this goal in mind, it brought forward a series of new or reviewed tools and procedures for decision-making.

Those tools could have set out more compellingly that whatever the measure or policy, due consideration must be paid to the impacts on people living in poverty in developing countries, as well as on human rights. In addition, the proposals involve an increased risk of dominance of the EU decision making process by the private sector interests. This policy paper outlines CONCORD and FIDH recommendations to ensure that regulating better means prioritising human rights and the fight against poverty and inequality in decision-making.

Key Recommendations to the European Commission:

• Take human rights, including economic and social rights more seriously into account in all impact assessments. Systematically consider and thoroughly investigate the impact on people living in poverty in Europe and in developing countries.

• Have an ambitious regulatory agenda that goes beyond the preservation of the acquis of European social and environmental laws because the global challenges we face today - climate change, unfair tax practices, improving social and human rights protection - all require concerted action and so much more must be done to make Policy Coherence for Development and the realisation of human rights a reality.

• Systematically consult human rights organisations at an early stage of the policy-making process.

• Ensure that the Regulatory Scrutiny Board pays special attention to the justification and evidence provided when an Impact Assessment states that there are no negative impacts on poverty eradication in developing countries or human rights.

• Put in place stronger safeguards and mechanisms to better balance out stakeholders’ representativeness and specifically avoid the dominance of the private sector in public consultations. Make sure that public interest and human rights always prevails over private interests.

• Guarantee that there is specific in-house expertise on human rights and development on the Regulatory Scrutiny Board, with a view to ensure compliance of Impact Assessments with Policy Coherence for Development and human rights obligations.

• Ensure that potentially affected local communities’ perspectives are reflected in Impact Assessments, when relevant.
Introduction

On May 19 2015, Vice-President of the European Commission (EC) Frans Timmermans presented the Better Regulation package. Parts of this package include the Communication “Better Regulation for Better Results – An EU Agenda” and the set of Better Regulation Guidelines for European Commission (EC) officials, accompanied by a Toolbox (including guidelines for Impact Assessment) as well as the Commission Decision to establish an independent Regulatory Scrutiny Board.

The European Union (EU) takes many decisions that impact people on other continents. EU policy-makers have the obligation to systematically take into account how EU policies are likely to affect development and human rights, and ultimately deliver coherent policies that benefit the well being of the people and the protection of their human rights in Europe and outside.

CONCORD and FIDH have focused their analysis on whether the Better Regulation Package measures concerning the impact assessment system and stakeholders involvement in policy-making allow the Commission to fulfill the obligations laid down in article 208(1) of the Treaty on the Functioning of the European Union (TFEU) on Policy Coherence for Development (PCD), as well as in article 21 of the Treaty on the European Union (TEU) and in the Charter of Fundamental Rights of the EU.

1. Current bias in Impact Assessments

Civil Society Organisations (CSOs), including CONCORD and FIDH, have been asking for improved ex ante and ex post Impact Assessments (IAs) of EU policies because this would allow the EU to avoid or mitigate negative impacts of such policies on the people and the planet. IAs are an essential tool for the implementation of Policy Coherence for Development (PCD) in order to take into account how EU policies are likely to affect developing countries. EU law obliges the EU not to take any action through its external relations that are likely to affect developing countries. EU law obliges the Commission to systematically take into account how EU policies are likely to affect developing countries. EU policy-makers have the obligation to systematically take into account how EU policies are likely to affect development and human rights, and ultimately deliver coherent policies that benefit the well being of the people and the protection of their human rights in Europe and outside.

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CONCORD and FIDH recommendations on Impact Assessments, September 2014

In response to the European Commission’s consultation on the revision of the Impact Assessment (IA) guidelines that preceded the Better Regulation package, CONCORD had made the following recommendations to the Commission:

- Make explicit reference to the obligation of Policy Coherence for Development (PCD) in the new IA guidelines and make development impact a 4th key section of the assessments, alongside the present economic, social, and environmental assessments;
- Include Civil Society Organisations’ inputs- both qualitative and quantitative - in all stages of the IA process;
- Open up the IA quality control body to stakeholders outside the European Commission, coming from the European Parliament, civil society, and the business sector;
- Include development specialists in the IA quality control body;
- Strengthen the capacity of EC Directorate General for Development Cooperation to give input and support to other DGs with the assessment of development impacts through a helpdesk and capacity building programmes.

FIDH recommended to:

- Assess the impacts on human rights, and ensure that human rights are duly taken into account at all stages of IAs;
- Refer to the normative content of human rights as defined under international law;
- Set up safeguards to avoid that the Commission assumes the absence of potential impacts without undertaking a proper assessment to test this assumption;
- Produce specific guidelines on how to develop impact assessments on human rights, which include methodologies to improve the consultation processes, enhance the transparency and efficiency of monitoring mechanisms, and increase the IAs quality.

In addition, FIDH made also detailed recommendations for human rights IAs in trade.

However, a new study from CONCORD Denmark shows that in 2014 only 8% of relevant European Commission’s ex ante IAs sufficiently considered development concerns. Likewise in the area of human rights, a FIDH study on trade agreements reveals that until 2012 the Commission never conducted an IA whilst negotiating a trade or investment agreement, and that since then, the IAs done (ex: Japan, China, USA) lacked serious human rights dimension and failed to comply with the Operational Guidance on Taking Account of Fundamental Rights in Commission Impact Assessments.

The way IAs are currently carried out gives ample reason for criticism. It has been reported that “the stakes are sometimes so high that politicians are tempted to manipulate the evidence collected in IA studies in order to favour one
outcome over another.\footnote{Kilian Bizer, Sebastian Lechner, Martin Führ, The European Impact Assessment and the Environment, Ed. Springer, 2010; and ‘When science meets politics: the EU’s impact assessment review’, August 2014.} It has also been assessed that “Sometimes, the EC does not take into account the IA and withdraws important proposals; sometimes no IA is being made while it would be necessary because of the important potential consequences on peoples’ life; sometimes, the EC overestimates the expected positive impact of a policy, overlooking negative social and environmental impacts, such as the IA on Transatlantic Trade and Investment Treaty”.\footnote{https://www.etui.org/Publications2/Working-Papers/Mieux-legiferer:une-simplification-bureaucratique-avisee-politique, p 95.}

This happens in spite of existing IA guidelines and tools, as illustrated by many examples (see box).

**Inadequacy of current Impact Assessments to ensure Policy coherence for Development and human rights:**

- The EC did not carry out an IA concerning the Economic Partnership Agreement between the EU and West Africa. Due to the length of the negotiations, the sustainability impact assessment done in 2004-2005\footnote{European Commission, “Regional SIA: West African ACP countries”, 2004 and “West Africa: Agro industry”, 2005} has become outdated while the international context has significantly changed.\footnote{Even so, critical analyses of the EPAs have been conducted in 2009 by the UN Economic Commission for Africa: and by South Centre in 2013 and in 2014} As a result, the social impacts in developing countries have not been sufficiently taken into account, although the agreement has entered the ratification phase.

- The Commission’s IA of the Transatlantic Trade and Investment Partnership (TTIP) paid little attention to the impacts on the nascent industrialisation of Africa, the possibility to diversify African economies, poverty and inequalities in Europe and Africa. Yet, a study\footnote{http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-3570811C-6FBFB23A/bst_eng/kcms_bst_dms_38063_38064_2.pdf} shows that TTIP will generate huge loss in income and employment in Africa and Asia. The EC IA acknowledges that certain sectors of agriculture in Europe may suffer adverse impacts, but they will “adjust” and “restructure” with “positive results in the longer term”. This assertion is unsubstantiated, and one may wonder what will happen to the “losers” – potentially the small family farms. The TTIP IA does not seriously look at the impact of TTIP on the environment either, adopting an arithmetic approach in terms of costs and benefits that is incompatible with any serious consideration of social and environmental impacts on the people and the planet.\footnote{https://www.etui.org/Publications2/Working-Papers/Mieux-legiferer:une-simplification-bureaucratique-avisee-politique, p 95.}

- The IA of the investment agreement between the EU and China has put undue emphasis on property issues and the rights of investors, implying that only investors deserve special protection. The assessment of the respect for human rights by investors themselves and that investments should not exacerbate human rights violations, was never envisaged. In spite of this, the Commission concluded, that this agreement with China would have a neutral to positive impact on human rights “since it strengthens the already existing protection of the right to property of investors and does not negatively impact any other rights of actors other than investors”.\footnote{European Parliament resolution of 17 April 2014 on the state of play of the EU-Vietnam Free Trade Agreement \url{http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150759.pdf}, p 37.}


The EU has an elaborated IA system on paper, but in practice pays little attention to development and human rights. Today the objectivity of IAs is heavily questioned. We strongly recommend that the EU makes it a priority in its impact assessments to investigate thoroughly the impacts on human rights, including economic and social rights, on poverty and inequalities as well as on the environment, including in developing countries.

**In 2014, 92% of the Commission’s Impact Assessments did not analyse the impacts of EU policies on Development**

13. Even so, critical analyses of the EPAs have been conducted in 2009 by the UN Economic Commission for Africa: and by South Centre in 2013 and in 2014.
2. Prioritising people and the planet in impact assessments

The Commission insists that Better Regulation does not mean de-prioritising or compromising social and environmental protection, and fundamental rights. However, there is reason to carefully monitor how the Commission will implement the package.

Regrettably, the Communication makes no direct reference to PCD, and ignores the importance of looking at the impacts of EU policies on people who live in poverty in Europe and developing countries. No mention is made either of the EU’s commitment to achieve sustainable development.

The underlying documents, i.e. the “Better Regulation Guidelines” and the “Toolbox”, which are handbooks for Commission officials, include sections on the impacts on human rights and on developing countries and mention the sustainable development objectives. In the Guidelines, the need to guarantee a high level of competitiveness and to reduce the burden (“cutting red tape”) for European Small and Medium Size Enterprises (SMEs) is greatly emphasised. The Commission states that it is determined to regulate at minimum cost, avoiding all unnecessary regulatory burdens, “while maintaining social and environmental sustainability”.20

In our view, the preservation of the status quo cannot be considered as an ambitious political agenda to proactively foster environmental and social protection. The Commission should ensure that public interest and human rights always prevail, also when competing with private interests.

The balance between economic, social impacts, human rights, as well as environmental considerations must be reviewed. CONCORD and FIDH urge the Commission to prioritise the wellbeing of the people and the protection of our planet both in Europe and in developing countries, even though it may in certain cases generate costs and administrative burden on business.

We call on the EU to have an ambitious regulatory agenda that goes beyond the preservation of the acquis of European social and environmental laws because the global challenges we face today - climate change, unfair tax practices, improving social and human rights protection - all require concerted action. The promise of status quo is not satisfactory.

3. Applying Policy Coherence for Development

In the “Better Regulation Guidelines”, developing countries are mentioned several times with regard to 1) assessing the effects of new policy proposals on developing countries (weighing off different policy options); 2) mapping all impacts, positive and negative, their likelihood and magnitude; 3) including them amongst potentially “affected parties” and as “relevant specific stakeholders”; 4) assessing the potentially disproportionate impacts and risk of unintended consequences; and 5) taking them into consideration in the stakeholders mapping.

CONCORD and FIDH welcome that the PCD legal obligation is mentioned explicitly in Tool #30, which focuses on how to deal with developing countries in the Commission’s Impact Assessments. The Toolbox is a handbook and only provides options, implying that whether and how these tools are used depend entirely on internal Commission’s considerations. Hopefully, this will increase the understanding of PCD within the staff of the Commission, at all levels. But making the implementation of a Treaty-embedded legal obligation such as PCD a mere option is not satisfactory.

POLICY COHERENCE FOR DEVELOPMENT IS A TREATY OBLIGATION, NOT A MERE OPTION IN A TOOLBOX."

Article 208(1) TFEU requires the EU to take the objectives of development cooperation into account in the policies that it implements, which are likely to affect developing countries. CONCORD and FIDH consider that Article 208(1) TFEU imposes a positive duty on EU policy-makers to assess the likely impacts of policies on people living in poverty in developing countries and take the initiative to obtain the necessary information, including through reaching out to the groups in developing countries specifically affected by the concerned policies (see section 6).

In theory, a measure taken without consideration of development objectives may constitute a case of maladministration.21

In addition, when evaluating the impacts in developing countries, the EC should not only look at macroeconomic numbers and growth in those countries, but at impacts on
people living in poverty, e.g. the urban poor, rural women, landless people, smallholder farmers. Economic growth per se does not eradicate poverty and inequality if it is not flanked by adequate measures such as decent living wage, universal social protection and progressive taxation. Without such measures, growth can aggravate inequality. We therefore welcome the reference to inequality in Tool #30. Likewise, we welcome that Tool #30 addresses the question of impact on developing countries and includes an extensive list of economic, social, and environmental issues to address. Positively also, Tool #30 insists on the need to address the potential impacts on human rights in developing countries and refers to Tool #24 in that regard.

CONCORD and FIDH urge the Commission to specify that the impact on people living in poverty in Europe and in developing countries must systematically be considered, as this is clearly required by Article 208 TEU. We also urge the Commission to ensure that Tools #30 and #50 are not mere options but are duly and effectively implemented by Commission staff in charge of impact assessments.

4. Applying human rights
The “Better Regulation Guidelines” require that human rights be taken into account at all stages of the regulatory process. The preferred policy option is tested against whether it is in line with the Charter of Fundamental Rights and for proposals with an external dimension, whether there are possibilities to reduce the impact on human rights in partner countries.

Tool#24, devoted to fundamental rights and human rights, mostly refers to the rights enshrined in the EU Charter of Fundamental Rights, but specifies that the EU will use international human rights law as a reference when it will look at impacts outside the EU. Importantly, it draws attention to the fact that some rights are absolute, and thus can never be limited. It adds that, for the other rights, limitations to fundamental rights can only be justified if they meet with the requirement of necessity and proportionality, and that a simple cost/benefit analysis is not sufficient when assessing impacts of a policy option. It also refers to the “Operational Guidance on taking account of Fundamental Rights in Commission Impact Assessments SEC(2011)567”. This specifies that limitation of a human right that is not necessary or not proportional, is a violation that cannot be counterbalanced by a positive impact regarding another fundamental right or other impacts.

Tool#24 also refers to the new DG Trade “Guidelines on the analysis of human rights impacts in impact assessment for trade-related policy initiatives”. We regret that Tool #22 on external trade and investments does not expressly refer to them.

CONCORD and FIDH welcome the attention given to human rights in the new guidelines and tools. However, past experience has shown that the lack of impact assessments on human rights or their low quality were less due to an absence of guidance than to the absence of expertise and a genuine will to measure human rights. As a consequence and for the future, the main challenge will be to ensure the effective implementation of the Guidelines and tools available. This is in line with the commitment made in the EU Action Plan on human rights and democracy 2015-2019, which foresees to “continue to improve the incorporation of human rights in Commission impact assessments for proposals with external effect and likely significant impacts on human rights”.

5. Avoiding the dominance of the private sector
Policymaking is defined as dealing with and arbitrating between diverging interests. The quality of Impact Assessments can only benefit from evidence and comments put forward by the stakeholders concerned by the policies at stake, who have potentially diverging interests.

The private sector, SMEs and Transnational Corporations alike are legitimate stakeholders; so are NGOs, social movements and trade unions. Yet, the power imbalance between CSOs who strive for scarce resources and sometimes act in extremely repressive contexts on the one hand, and Transnational Companies on the other hand, and the resulting unequal capacity to influence the EU decision making processes, should be expressly acknowledged. If the reality of this imbalance is ignored, public consultations may become biased.
The TTIP Impact Assessment and the public consultation on country-by-country reporting illustrate this risk (see box).

Who is heard by the Commission?

The TTIP Impact Assessment states that “as shown by the responses to the public consultation, the broad majority of stakeholders supports further trade liberalisation and expects a positive impact on their sectors.” This is in complete contradiction with the two million three hundred thousand signatures of the self-organised European Citizens Initiative against TTIP.

Another example is the public consultation on country-by-country reporting for corporations on tax issues launched on 17 June 2015. The only stakeholders that could object to country-by-country reporting are the very multinational corporations that the reform would regulate. It is unclear how their views will be balanced against the voices of plenty other stakeholders favourable to such reform and how these other voices are informed and/or incentivized to participate in the consultation.

For CONCORD and FIDH, stronger safeguards and mechanisms must be put in place to better balance out stakeholders’ representativeness and specifically avoid the dominance of the private sector in public consultations and impact assessments. At the very least, the Commission should publish a summary of who was involved in the public consultation and impact assessments, specifying the representativeness of the various stakeholders.

CONCORD and FIDH also recall that public consultation and impact assessments must never replace the unique role and legitimacy of social partners as per the EU Treaties and international labour law.

6. Consulting affected communities, also outside Europe

Tool #30 in the Toolbox on stakeholder consultation is very extensive. CSOs are included as a category of stakeholders. The guidelines require to consult those affected by the policy initiative (both directly and indirectly), to identify “target groups that run the risk of being excluded” and to “seek balance and comprehensive coverage” in the EU as well as developing countries. This wording, combined with the wording in Tool #30 about developing countries, offers a basis to involve affected communities outside the EU. Whether it really happens will actually depend on how those provisions will be interpreted, and to which extent the objectives of development and human rights in developing countries will be seriously taken into account.

Experience shows that it should not be expected that stakeholders will always proactively provide inputs in consultation processes or have the capacity to do so; especially for stakeholders outside Europe. EU policy-makers have a positive duty to reach out proactively to the groups (e.g. smallholder farmers, landless people, human rights defenders, rural women, ethnic minorities, etc) who may be affected by EU policies. They must make sure that information reaches these groups in a language and a format which is accessible for them, and that likewise, they can respond in a language and format which fits them. To reinforce this, the recently adopted EU Human Rights Action Plan commits the EU to “ensuring robust consultations of relevant stakeholder groups exposed to major human rights risks.”

Up to now, communities in developing countries have been extremely rarely consulted. Affected communities and human rights defenders in developing countries must be amongst relevant stakeholders targeted by EC consultations. CONCORD and FIDH call upon the Regulatory Scrutiny Board to pay special attention to the need to ensure that potentially affected local communities’ perspectives are reflected in IAs, when relevant.

7. Expertise on international development and human rights for better quality control

The “Regulatory Scrutiny Board” replaces the Impact Assessment Board and will serve as a quality control body supporting the Commission in the IA process. As was the case for the former IA Board, it is not required that the newly established Regulatory Scrutiny Board should have expertise in the area of development and human rights. The document outlining the mission, tasks and staff of the Regulatory Scrutiny Board limits the areas of expertise of its members to macroeconomics, microeconomics, social policy and environment policy.

For all the reasons explained above that must lead to enhance considerations for development and human rights in human rights, adequate expertise on the Regulatory Scrutiny Board is clearly needed to ensure that 1) there is a systematic check on whether IAs take development and human rights into account, and, if so; 2) whether they do it in a substantial and satisfactory manner.

CONCORD and FIDH recommend expressly guaranteeing that there is specific in-house expertise on human rights and development on the Regulatory Scrutiny Board, with a view to ensure compliance of IAs with PCD and human rights.

26 https://stop-ttip.org/
28 Statement of the Confederation of German Trade Unions (DGB) on Better regulation in the European Union, June 2015; see also http://www.betterregwatch.eu/index_en.htm
30 ActionAid has stressed that the reporting on the socio-economic effects of the EU’s Renewable Energy Directive (2009/28/EC) has involved no effective interaction with those most concerned, i.e. local communities in developing countries, http://www.actionaid.org/sites/files/actionaid/actionaid_expose_on_brieflets_may_2013_final.pdf
31 The same holds true for the official vacancy for the three external members to the Regulatory Scrutiny Board: http://ec.europa.eu/dgs/human-resources/documents/conv2015_20009_en.pdf
CONCORD is the European confederation of Relief and Development NGOs. It is the main NGO interlocutor with the EU institutions on development policy. It is made up of 28 national associations, 18 international networks and 2 associate members that represent over 2,400 NGOs, supported by millions of citizens across Europe. The main objective of the Confederation is to enhance the impact of European development NGOs vis-à-vis the European Institutions by combining expertise and accountability.

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FIDH is an international human rights NGO federating 178 organizations from 120 countries. Since 1922, FIDH has been defending all civil, political, economic, social and cultural rights as set out in the Universal Declaration for Human Rights.

The report “Spotlight on EU Policy Coherence for Development” is a flagship report produced by CONCORD every two years since 2009, to raise the awareness of EU political leaders and citizens on the need to apply changes to some European domestic and external policies in order to eradicate global poverty. The report is prepared by CONCORD members and its partners, draws from their analysis and the evidence they can gather, especially through their interaction with poor and vulnerable communities in countries outside Europe. In 2015 the Spotlight report takes the form of thematic policy briefs published consecutively throughout the year. For previous reports and updates visit: www.concordeurope.org