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# What is the future of EU development policy?

# Summary: The purpose of this paper is to shed light on possible structural and policy changes in the areas of EU external action, especially in the field of development cooperation, after the EU enlargements of 2004 and 2007 and following the debates on the future of Europe and the Reform Treaty. Understanding these parameters is important because the EU is the most important global donor and a driving force in the efforts to achieve the Millennium Development Goals, but it is also a heterogeneous multitude of development cooperation traditions and experiences. The paper examines possible future institutional change around the development policy cluster, where not only various EU policies play a role but also Member States' different interests come together, mix and eventually converge; it presents an insight into the variety of the Member States' structures and development cooperation policies; it recalls the most important EU midterm development policy commitments and targets; and it highlights the changes and constraints of the global development policy framework and structures which significantly affect the dynamics and the content of the EU development cooperation.

# Key words: European Union, EU Development Policy, EU Institutional Reform, Policy Coherence for Development, Reform Treaty.

**Abbreviations**

ACP Africa, Caribbean, Pacific

AfT Aid for Trade

AidCo EU Development Cooperation Agency

BWI Bretton Woods Institutions

CFSP Common Foreign and Security Policy

COAFR WP on African Affairs

CODEV WP on Development Cooperation

CSP Country Strategy Papers

DAC Development Aid Committee

DCI Development Cooperation Instrument

DDA Doha Development Agenda

DEVGEN WP on Development Cooperation

DG General Directorate

EC European Commission

ECHO EU Humanitarian Aid Agency

EDF European Development Fund

EEC European Economic Community

ELA Enlargement

ENPI European Neighbourhood and Partnership Instrument

EPAs Economic Partnership Agreements

ESDP European Security and Defence Policy

EU European Union

EU10 Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia,

EU12 EU10, Bulgaria, Romania

EU15 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom

EU27 EU15, EU12

FYROM Former Yugoslav Republic of Macedonia

GAERC General Affairs and External Relations Council

GNI Gross National Income

LDCs Least Developed Countries

MDGs Millennium Development Goals

NATO North Atlantic Treaty Organisation

NFP New Financial Perspective

NGO Non-Governmental Organisation

OCHA UN Humanitarian Aid Agency

ODA Official Development Aid

OECD Organisation for Economic Cooperation and Development

PMG Political-Military Group

PROBA WP on Commodities

PSC Political Security Committee

RELEX External Relations

UN United Nations

UNCTAD United Nations Conference on Trade and Development

WP Working Party

WTO World Trade Organisation

# Introduction

The purpose of this paper is to shed light on possible structural and policy changes in areas of the EU external action, especially in the field of development cooperation, after the EU enlargements of the 2004 and 2007 and following the debates on the future of Europe and the Reform Treaty.[[2]](#footnote-2) After the recent enlargements the EU27 became a cluster of countries with profoundly different experiences in development cooperation - some being traditional development agents with strong historical, economic and political overseas ties, others being less bound to past traditions and present commitments, or even recently emerging from a transitional development process themselves. Today the EU as a whole has very important development cooperation responsibilities, and developing countries expect the EU to deliver on its commitments.[[3]](#footnote-3) Besides, as has been stated on many occasions, the *raison d'être* of the EU as a global agent is to create stability and prosperity within its boundaries and on a global scale, and international development cooperation policy is an important tool for that.

Everyone who has worked in this domain knows that EU development cooperation is a cluster of European Commission-managed Community projects and a multitude of bilateral projects which Member States have with developing countries or international organizations in the field of development. These are anchored in development policies, defined both at the EU and the Member States’ levels. As such, the EU is considered to be the most important global donor and with its inclusive foreign policy approach also the most important global soft-power agent. However the last two EU intergovernmental conferences suggested that the EU should have a much more coherent and a more centralized external action service to successfully face global economic, security and social challenges and, in this regard, modifications to EU development institutions and policy were also expected.[[4]](#footnote-4)

At this stage will it be possible to achieve greater coherence among the different fields of EU external action? Is the EU internally coherent enough to achieve greater sectorial unity *vis-à-vis* the outside world? What kind of unity should that be - a greater coherence among the ultimate goals of different policies, a more harmonized structural coherence among them, a more synchronized planning and management? What comes first - security, trade or development policy? Is development policy a kind of a bridge between trade and security policy? Is development policy ahead or behind in the debate on the future development of EU external action? What are the major agents influencing the pace of change of EU development policy and what are their arguments? The following chapters try to answer these questions by highlighting main aspects of the possible EU institutional change after the eventual ratification of the Reform Treaty, the persisting differences among development cooperation policies and structures of Member States, the most important EU mid and long term development efforts, and the changing framework of the international development community.

# 1. Development cooperation and the EU institutional reform

The future of EU development cooperation has been recently discussed in the context of the possible implementation of the Reform Treaty. In the past, only trade, development cooperation and humanitarian aid were domains of shared competence between the Member States and the European Commission; however, with the Reform Treaty external relations, crisis management and some other previously predominantly intergovernmental domains would also gain a more integrated EU character.

To discuss options for implementing a more integrated approach, a preparatory process was set up in the EU Council soon after the signature of the Reform Treaty. The debate, which took place in the Committee of Permanent Representatives (Coreper), focused primarily on the intergovernmental domains and to the surprise of many - especially those who believed that development cooperation was the most important external actions soft power tool - dedicated very little attention to the future status of development cooperation policy and structures. Still, the Reform Treaty provided for important modifications in the status of EU development cooperation. Articles defining development cooperation have been moved from the first pillar policy clusters[[5]](#footnote-5) to the second pillar clusters[[6]](#footnote-6), and for the first time humanitarian aid was given a legal ground for action.

**Picture 1.1. Interconnectedness of different fields of the EU action and the placement of the EU development cooperation and humanitarian aid.**

Justice and home-affairs

European economic cooperation

CFSP

and ESDP

Development cooperation and humanitarian aid

(rule of law, integration in the world economy, sustainable development,

etc.)

According to some well-informed media sources[[7]](#footnote-7) the debate in Coreper aimed primarily at further elaborating ideas on the possible European External Action Service. The structure of the debate predominantly focused on the double-"hat" arrangement for the High Representative of the Union for Foreign Affairs and Security Policy, which was supposed to lead the chain of foreign relations command within the Council's and the Commission's external action services, and eventually on the structure immediately below the position of the High Representative.

The fact that development cooperation remained on the very edge of professional debate did not go unnoticed by civil society organizations[[8]](#footnote-8), academic circles and a few Member States.[[9]](#footnote-9) The academic debates highlighted questions concerning the future **tasks of the EC Delegations**, which until now have had a significant role in the implementation of Community programmes and which were to be transformed into a kind of EU diplomatic representations. The Reform Treaty gives a legal personality to the EU and that was to be reflected also in the functioning of the EU delegations, which would now deal not only with development and trade issues but also with other issues of external relations (crisis management, etc.), therefore acquiring a stronger role. According to some opinions,[[10]](#footnote-10) that was more likely to happen in Asian countries; in ACP countries, which are traditional partners in the EU development cooperation, there were good reasons for continuing along these lines.

Another aspect which arose in the debate was the possible **merging of regional and thematic “desks”** in the Commission’s and in the Council’s institutional structures. Some personalities at high level development circles[[11]](#footnote-11) were of the opinion that the future European External Action Service should work with a single geographical and thematic structures avoiding duplication in the Council Secretariat and the Commission. In practice that would mean the elimination of the ACP country desks within the Commission's DG Development or adding new desks to the same DG in order to cover all developing countries.[[12]](#footnote-12) According to these same opinions, merging of desks would only be accepted if the Commissioner for development was guaranteed the right to call on the European External Action Service for expertise, and that would be possible only if he or she was placed among the top positions in external service, possibly as one of the deputies to the High Representative.[[13]](#footnote-13) But according to the Treaty of Nice the College of the Commissioners only had to be reorganized by 2014, when only 18 posts would remain out of today's 27.

In the officials' debate on the European External Action Service only trade was considered as a policy on its own, which was likely to remain separated and under the auspices of the President of the Commission. However voices from the competent EU institutions insisted that **humanitarian aid** also had a specific character which should be recognized and respected to the largest extent possible.[[14]](#footnote-14) Due to its *ad hoc* and extremely centralized response, the humanitarian field is indeed a special field of institutional activity. In this regard, in 2007 an EU Consensus on Humanitarian Aid was adopted and in February 2008 a debate was launched in the Council's Development Cooperation Working Party (CODEV) on the Council preparatory body where policy-making on humanitarian aid should take place. Among the different options suggested by the Slovenian Presidency, the option of further extending the scope of the Working Party on the Food Aid into a Working Party on Humanitarian Aid and Food Aid was adopted by Coreper at the beginning of May 2008. This indicates that, to some extent, institutional change is gradually developing bottom-up by itself, without special top-down suggestions.

As already mentioned, **trade** was also considered as a specif area of EU external action; one which does not function according to political principles, but first and foremost according to broader (WTO) rules. As such EU foreign trade often goes beyond political limitations and tends to lead relations with developing countries towards a more global framework.[[15]](#footnote-15)

Another issue which had to be debated among the Member States was the question of the possible change in **chairing of the working parties** in the development cooperation domain. The Reform Treaty in fact foresees that the GAERC would be presided or chaired by the High Representative, and there was no precise debate on who should then chair the different formations of GAERC (development, defence and trade formations) or the preparatory bodies below the level of Coreper. According to one of the Brussels think tanks: *"(...) many of the Member States would prefer the Council's preparatory bodies in the area of external relations and dealing with what are now first pillar matters to continue to be chaired by the rotating Presidency".[[16]](#footnote-16)*

Also in relation to the future role of the EU delegations, the media reported similar traditional preferences:

*"(...) in some cases there could be good reasons for continuing along more traditional lines (predominance of the old community pillar and project management in some ACP countries, for instance), while in others the Head of delegations could have a much stronger politico-diplomatic profile and background (e.g. in most Asian countries)".[[17]](#footnote-17)*

**Table 1.1. Towards a more coherent EU external action - who is doing what and how.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Working body in EC and Council** | **Ultimate goals, principles** | **Level of centralization** | **Planning time-spans** | **Degree of multilateral coordination or constrain** |
| **Political relations** | DG RELEX;Relex,Regional WPs | EU as a global actor in promotion of peace and prosperity | Commonly agreed(linked to traditionally second pillar policies) | Strategic and comprehensive planning of actions | Significant (UN) |
| **Security** | GD RELEX[[18]](#footnote-18);PSC, PMG, Civcom  | Comprehensive security and long term stability | Decentralized(traditionally second pillar policies) | Short term, response to crises | Significant (UN, NATO) |
| **Development** | DG DEV,AidCo;DEVGEN, PROBA, ACP | Eradication of poverty, MDGs, integrate developing countries in the world economy | Decentralized(bilateral projects and partner countries ownerships) | Multi annual programs and projects | Some (OECD, UN agencies; complementarity and division of labour among donors) |
| **Humanitarian aid** | ECHO;DEVGEN, Food Aid  | Saving lives, assuring relieve  | Centralized | Immediate action | Significant (OCHA and UN agencies) |
| **Trade and other economic relations** | GD Trade;Article 133 | Liberalize and promote EU trade and economic relations | Centralized(traditionally first pillar policies) | Long term, multi annual agreements | Significant (WTO) |

It is very difficult to foresee how the EU development cooperation institutional structure will change in the future. In any case it is possible that, due to the huge differences among Member States' development structures, the main role in the future change will be played by the Commission. In the past, the Commission seems to have been slightly ahead of the Council with the adaptation of its structure to policy needs. For example: even though development cooperation has been part of the community policies from the very establishment of the EEC, the Council's CODEV was only established at the beginning of the 1970s.[[19]](#footnote-19) The same applies to humanitarian aid: even if ECHO as the humanitarian aid division of the Commission has been functioning for quite some time, only recently the Council established the humanitarian aid working party. But if new working parties are established, the existence of others has been called into question. For example, some Member States have doubts about the long term relevance of the ACP Working Party, which seems to be only a remnant of the historical links of some Member States to Africa, Caribbean and Pacific countries.[[20]](#footnote-20)

# 2. Narrowing the gaps among Member States?

The main obstacle to a faster and smoother institutional change of EU development cooperation seems to lay in the differences in policy approaches among the EU Member States. Analyses of these differences seem to rely predominantly on comparing the "new" Member States' (the EU12) institutional structures to the structures functioning in the "old" Member States (the EU15). But as we will see later on, the EU Member States have very different and deeply rooted development experiences, historical ties and geographical orientations. Therefore adapting the EU and the Member States’ institutional structures to new challenges should not rely on copying the old structures or “narrowing the gaps”, but rather on building on the comparative advantages and diversity of experiences.

At the beginning of 2008 there was still a strong and widespread opinion among EU development cooperation experts in Brussels that the EU12 were facing a challenge because of the difference between their development policy and that of the EU15. In the first half of 2008 the European Parliament discussed a report on the issue[[21]](#footnote-21), the European Commission has organized expert meetings on the topic, Slovenia as the county presiding the EU has organized an informal meeting of the EU12 on the issue[[22]](#footnote-22), and also some NGOs had projects on how to "overcome the gap between the EU15 and the EU12".[[23]](#footnote-23) Reports from these projects were saying that, compared to the "old Europe", the EU12 had not only different historical experiences, but also different international financial commitments to development cooperation, underdeveloped national structures in this domain and specific geographical areas of concern.[[24]](#footnote-24)

The EU12 Member States indeed had lower Monterrey commitments on financing for development and in 2007 most of them did not have an established or efficiently functioning development agency. They lacked information on access to the EC development cooperation instruments and funds and they implemented their programmes or projects mostly through different forms of bilateral agreements, participation in the UN or other multilateral funds and projects. Box below summarizes some of the specifics of the EU12 Member States at the beginning of 2008 (Box 2.1.).

**Box 2.1. Some characteristics of the EU12.**

|  |
| --- |
| Specific governmental structures in the field of international development cooperation:* non of them has a minister for development cooperation[[25]](#footnote-25);
* few of them have development cooperation agencies.

Specific geographic orientation (few relations with ACP states and more focus in the European neighbourhood):* weaker diplomatic representation in developing countries[[26]](#footnote-26);
* lack of knowledge on access to EC development aid procurement information and assistance; use only of specific EU instruments (ENPI etc.).

Specific historical experience (transition and capacity building):* experience with transition and capacity building;
* challenges with own national strategy and institutions for international development;
* limited NGO and public opinion support;
* variable OECD membership and challenges with ODA reporting.

Specific financial commitments:* lower Monterrey commitments;
* new contributors to the EDF.
 |

On the other hand, there are no clear obligations that all EU Member States should necessarily organize their cooperation in the same manner. Indeed, with regard to efforts to achieve more complementarity and division of labour among the EU donors a network of EU development cooperation agencies and other implementation institutions was established to avoid duplication, overlapping and encourage co-financing of development projects.[[27]](#footnote-27)

The challenge was therefore not so much on the side of the individual EU12 States - although they were the last to join the EU and should therefore adjust their policy to the established EU positions - but within the original institutional structure of the EU, which was built to support once former overseas territories in their development planning and implementation.[[28]](#footnote-28) As the EU enlarged, the need for clear criteria and a geographically more balanced cooperation emerged, and in 2005 the EU indeed set up a new *EU consensus on development* cooperation, which seemed to lean more and more towards the principles which were used in the OECD DAC. [[29]](#footnote-29) Three and a half years later, the Slovenian EU Presidency strongly supported a balanced geographical approach to aid allocations; however, the development cooperation section in the Commission (DG DEV) remained the same and still covered only the ACP states. From the point of view of the European Commission most development cooperation projects outside the ACP geographical framework were a matter of external relations and enlargement (DG RELEX and DG ELA), and therefore not a matter for the Commission's DG Development.[[30]](#footnote-30)

The EU12 did have links with ACP countries, but not as strong as some of the ex European colonial powers. They had less favourable geographical positions and language barriers, they were less integrated into global economic networks and value chains, and they had more experience as aid recipients than as aid donors. As a consequence, they had less diplomatic representations in the ACP countries. That did not mean, however, that they were uninterested in the ACP and other overseas developing countries. Besides their willingness to work in their traditional geographical areas of concern, they all contributed to the European Development Fund, which only finances projects in the ACP states. And that was the most significant of their concerns – while contributing to the ACP funds, they could not participate properly or closely monitor how their contributions were being absorbed. The table below shows areas of major development projects of the EU12 (Table 2.1.).

**Table 2.1. Differences in geographical orientations among the EU12.**

|  |  |  |
| --- | --- | --- |
|  | **Bilateral focus in development cooperation** | **Specific reference to ACP states** |
| **Bulgaria** | Albania, FYROM, Bosnia and Herzegovina, Ukraine, Moldova | Ghana |
| **Czech Republic** | Bosnia and Herzegovina, Moldova, Mongolia, Serbia, Montenegro, Vietnam | Angola, Zambia |
| **Cyprus** | Palestinian authorities, Egypt, Yemen, Sub-Saharan Africa | Lesotho, Mali |
| **Estonia** | Georgia, Moldova, Ukraine, Afghanistan | - |
| **Hungary** | Serbia, Montenegro, Bosnia and Herzegovina | Ethiopia |
| **Latvia** | Georgia, Moldova, Ukraine, Afghanistan | - |
| **Lithuania** | Byelorussia, Ukraine, Moldova, Southern Caucasus, Afghanistan, Iraq  | Mauritania |
| **Malta** |  | Sub-Saharan Africa |
| **Poland** | Byelorussia, Moldova, Ukraine, Georgia  | Sub-Saharan Africa |
| **Romania** | Moldova, Serbia, Georgia | - |
| **Slovakia** | Serbia, Montenegro, Kyrgyzstan, Kazakhstan, Byelorussia, Ukraine | Kenya, Sudan, Mozambique |
| **Slovenia** | Bosnia and Herzegovina, Serbia, Montenegro, FYROM, Albania, Moldova | Madagascar, Mali, Niger, Burkina Faso, Uganda, Malawi |

Sources: European Parliament, 2007; EU Donor Atlas 2006.

On the other hand, the EU12 Member States were believed to have specific comparative advantages due to the fact that until recently they were aid recipient countries. This was supposed to give them a better understanding of the processes of institutional change and capacity building and a more trustworthy position in the eyes of the developing countries.[[31]](#footnote-31)

# 3. The EU development policy targets

At present there are probably two ways in which the content of EU development policy may evolve. On one hand, the way forward is shown in the policy debates by the Council's preparatory bodies, including those reflecting structural differences within the EU; on the other hand, there are more general trends, which affect the outcomes of the EU policy debate and which originate in the global development framework.

The official agenda agreed in the Council preparatory bodies’ shows that 2008 is a crucial year for EU development policy and the reputation of the EU as a global partner in development. 2008 marks the half way stage to the MGD targets in 2015, and three important global conferences are scheduled for the second half of the year in this regard: the III High Level Forum on Aid Effectiveness (Accra, 2-4 September), the UN High Level Event on the MDGs (New York, 25 September) and the International Conference on Financing for Development (Doha, 29 November-2 December). At these conferences the EU wants to give a firm and very positive message to developing countries and also to show leadership on aid effectiveness to other non-EU donors. But, on the other hand, in 2007 the collective EU ODA flows did not increase as had been agreed in the framework of the Monterrey commitments and trade negotiations were almost stuck in a deadlock (DDA, EPAs). Therefore, if Member States and the Commission wanted to do something in 2008 about keeping their promises and reputation, they had to strongly strengthen their efforts. Dossiers which were put on the Council’s agenda in 2008 were comprehensive and financially and politically important.[[32]](#footnote-32) The focal points of the EU efforts were on keeping the Monterrey promises, significantly improving policy coherence and aid effectiveness among EU Member States, taking stock of the state of affairs on the MDGs, stressing the importance of fighting climate change, and addressing the root causes of rising food prices.

The table below (Table 3.1.) shows the development policy commitments and challenges for future years as they were presented by the Commission for discussion in CODEV in the spring 2008. We can see from the table that in future years the EU will try to provide more (financial commitments) and better aid - not only through new programming and mid-term reviews of CSP, but also by improving aid effectiveness (striving to achieve better complementarity and division of labour among donors and more co-financing among like-minded donors).

**Table 3.1. EU development policy commitments and challenges for the future years.**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year/****thematic field** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2020** |
| **Financial processes** | scaling up of ODA |  |
| collectively increase trade related technical assistance |  |  | NFP, new EDF |  |  |  |
| **Administrative/management processes****(opportunities to improve aid effectiveness)** | mid-term review of CSP (opportunities for joint programming in DCI, ENPI etc. and co-financing) | fourth OECD High Level Forum |  | new programming (opportunities for joint programming and co-financing) |  | revision of the EC-ACP partnership agreement (Cotonou) | termination of the EC-ACP partnership agreement (Cotonou) |
| concluded negotiations regarding agreement on climate change | revision of the EC-ACP partnership agreement (Cotonou) |
| **PCD** | NYERERE programme (MA, PhD and Postdoctoral faculty exchange between ACP universities) |  | beyond 2010 EU has commitments to development of renewable energies |
| 2007-2010 special funds available for agricultural research and development (DCI - Food security Thematic Programme) |  |  |  |  |  |  |
| **Other processes aimed at achieving the MDGs** | - increased role and responsibility of developing countries (mobilization of domestic capabilities);- increased role of the private sector and private foundations (mobilizing private sector);- increased role of local communities;- improve efficiency; - climate change is likely to influence the MDGs;- influence of commodity prices to be analysed. | - access to reproductive health and reduce by 3/4 maternal mortality;- halve proportion of people who suffer form hunger;- universal primary education;- eliminate gender inequality in education;- reverse the spread of HIV/AIDS, malaria and other major disease;- halve proportion of people without sustainable access to safe drinking water. |
| in WTO rice and sugar quotas for LDCs to be phased into duty-free and quota-free treatment | - G8 commitment to reach US$130 billion (OECD simulations show that EU will contribute 90%);- UN review of state of play on MDGs (Universal access to treatment for HIV/AIDS;reduce biodiversity loss) |  |  |  |  |

**Source: European Commission Communication and staff working papers, 2008.**

According to findings from a Commission analysis in 2005 based on a public consultation[[33]](#footnote-33), the future of EU development policy was to be influenced by the following processes or facts: financing for development, policy coherence for development, geographical distribution of aid and the efficiency of aid.

Financing for development and scaling up of aid will remain the most important factor and a long-term task and target. The EU is more and more interrelated with developing countries (climate change, migrations, trade, financial and information flows, etc.) and new elements have been brought in the concept of assisting developing countries (risk reduction, setting up early warning systems etc.). Besides inflation and other financial trends affect the real value of donations and cause the need for the scaling up of aid.

Improving policy coherence for development will be the second most important preoccupation. The idea is that policies other than development should not harm, but rather contribute to, the objectives of development policy.[[34]](#footnote-34) In the above mentioned Commission analysis, four main EU policy areas were outlined as those which most affect development policy: security, trade, migration and environment. Three years later, in spring 2008, the screening of the EU Council's agendas showed again the same coherence preoccupations, namely: among various EU policies these four policies were again identified as those which may affect EU development policy to the largest extent. The picture below shows an ironic illustration of the often conflicting agricultural, trade and developing policy priorities of the EU (Picture 3.1.).

**Picture 3.1. "The EU coherence for development".**

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**Source: www.eucoherence.org.**

Balancing the geographical scope of the distribution of aid will also be at the centre of the debate. On many occasions it was clearly stated that EU development policy has a central political focus on Africa; however, especially since 2004, the EU recognized at several occasions that keeping, on one hand, special relations with the ACP states and, on the other hand, trying to build a balanced, just and credible global development attitude was a difficult task both internally and in relation to third countries and international organizations. The consultation process in 2005 showed that, from a developmental point of view, the EU should treat all developing countries equally, regardless of their historical traditions. The majority of agents consulted believed that the criteria for classifying a country as developing should be those of the OECD/DAC. Another possible shift in ODA flows may be caused by possible enlargements of the EU in the future. Today many EU Member States finance development projects in the Balkans countries. If any of these countries become EU members, financial support to their development projects will not be regarded as EU official development aid. Those resources could be diverted to other partner countries.

Striving for efficiency and working with other donors within the new aid architecture will be a general challenge in the future, not only for the EU but for all world donors. With the EU12 and the emergence of new donors like China, India and Brazil, both the donor and the recipient communities will have to adapt not only to more aid, but also to more agents and more procedures. With the implementation of the *EU Code of Conduct on Complementarity and Division of Labour*[[35]](#footnote-35) among donorspartner communities should save resources and redeploy them in a more efficient way.[[36]](#footnote-36) The EU would like to promote the use of the Code within the OECD and within the UN or in South-South relations.[[37]](#footnote-37) Call for global action in relations to the MDGs may represent a good opportunity to advance in this direction.

Among the more specific policy issues, cross-cutting issues, climate change and energy security seem to represent the most important future agenda items.[[38]](#footnote-38)

# 4. The dynamics and change of the global community

The work of the EU is in general affected by micro and macro political structures which may have an impact on the official EU calendar and also on the EU agenda. In the case of EU development policy these decision-making structures and cycles are predominantly the Member States' and Partner Countries' legislative and budgetary cycles, as well as the work plans and calendars of the major development oriented international organizations (OECD[[39]](#footnote-39), WTO, Bretton Woods Institutions, especially the World Bank, UNCTAD and specific UN programmes and funds). The picture below (Picture 4.1.) illustrates some basic layers of the dynamics of work in the EU development cooperation structures.

**Picture 4.1. Major international organizations influencing the EU development cooperation.**

UN system

EU

(European Commission and

Member States)

OECD

WTO

UNCTAD

BWI

Work in the field of EU development cooperation (at the Member States', the Commission and the Council levels) intensifies before any major international development conference. At the EU level, Member States are often expected to adopt a common position on the subject.[[40]](#footnote-40) Besides regular preparations for the conferences, EU development structures also regularly work on various reports. Some dossiers are discussed or evaluated every year (especially monitoring of the Monterrey); others biannually (policy coherence for development) or on selected occasions.[[41]](#footnote-41) Besides, reporting may be influenced or linked to reporting to/in other international organizations (reporting on financing for development to the OECD). If no emergency or other unforeseen events occur, the most important additions to the follow up of EU policies and the preparation of EU positions for international conferences are the areas set as priorities by the presiding Member States.[[42]](#footnote-42)

The interplay of the many levels and layers of work in the global development decision making seems almost transparent, but *de facto* it is highly complex, very slow and sensitive to influences from many different economic and political domains (financial, agricultural, trade, humanitarian, security, environmental, and other), which over and over again demonstrate the need for more policy coherence for development.[[43]](#footnote-43) Different political agents (States, groups of States, international organizations etc.) and fields of work react differently to the emerging phenomena, and the vicious circle and the *perpetum mobile* of the complexity of global development cooperation seems to go on, and on, and on.

The changing of the global economic and political equilibrium is reflected also in the efforts to reform the International Financial Institutions, building global alliances for development (like the one for fighting climate change) and working with emerging donors.[[44]](#footnote-44) On the other hand moral, historical and other elements seem to give EU development cooperation a more stable or even rigid character.[[45]](#footnote-45) According to some researchers the aid allocations show that non-development - especially political - criteria have dominated international development cooperation in the past. Regional and global security concerns are reported to be the most influential factors, followed by former colonial links, interest in maintaining cultural relations and interest in building economically and politically stable neighbourhoods.[[46]](#footnote-46)

# Conclusion: What is the future of EU development policy?

There is evidence that EU development policy may change significantly in the future, though traditional schemes of work, limitations in global development structures and inertia may slow the pace of change.

An important change is expected in relation to the EU institutions, which may modify their structure towards a geographically more balanced concept and shift their work slightly away from the traditionally ACP oriented scheme. A second aspect of change may occur in relation to - and in the context of - other EU external action policies, especially in relation to humanitarian aid and security policy. The former has recently gained additional legal and institutional support and room for policy making in the Council; the latter, on the other hand, maintains a firm relevance as an aid allocation end and may in the future develop closer policy planning and implementation mechanisms with the development cooperation field.

The Member States will also continue to play their roles as bilateral donors and active agents in the future policy planning, and will keep their specificities also in their methods of work. That will remain an important challenge also in efforts to achieve more complementarity and division of labour among donors. Historically ACP oriented Member States will remain highly interested in the majority of cooperation areas; however, lobbies or groups of Member States may evolve more clearly around selected policy issues in the future. The present distinction between the EU15 and the EU12 may become blurred, particularly after possible further EU enlargements; and differentiation between the financially and politically more and less committed Member States may become more evident.

As globalization entails changes from a west-driven towards a more polycentric and geographically balanced phenomenon, where emerging donors like China and India have more and more to offer to developing countries, EU development policy seems to gain a more visible place among the other fields (humanitarian aid, security) of EU external action. The development policy targets and commitments are set and communicated to the international community very clearly, sometimes also in the context of very important international negotiation circumstances, where the EU seems to risk credibility in exchange for progress in the negotiation processes. However, judging from the results and the deadlocks in the international development negotiation processes, the EU does not seem to reach far enough. Developing countries remain critical about the EU's persistent donor-driven, volatile and euro-centric approach; poverty, which is at the centre of EU development policy efforts, not only remains, but also seems to emerge more and more within the rich, developed countries and the emerging donors' homelands; among the policy issues, climate change, energy safety and sustainable development seem likely to remain primary concerns for additional efforts in global burden sharing of the future generations.

Therefore the all-embracing UN system - with its thematic and geographical subsystems - must remain the first and foremost framework of EU development policy efforts in the future. The more that may change towards a more inclusive, flexible and fast-responding mechanism the better; the EU will have to work also on that. Only by combining the efforts of all countries involved can the world come closer to its ideal of becoming a stable, predictable and a safer place.

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2. Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007. [↑](#footnote-ref-2)
3. The most important financial development commitments of the EU are the Monterrey commitments. In 2002 the Heads of State and Government at the UN Summit in Monterrey agreed to increase financial support for development cooperation. Consequently the EU agreed, in May 2005, that by 2010 the EU15 would commit 0.51% of their GNI for ODA and Member States who joined the EU after the Monterrey summit would commit 0.17% of GNI; in a second phase, by the end of 2015, the 15 Member States would strive to commit 0.7% of GNI and those who joined after 2002 would strive to commit 0.33%. Besides these, there are other publicly announced efforts of the EU Member States; the most significant probably relate to the commitments of the G8 countries. [↑](#footnote-ref-3)
4. Trends which should be taken into account by development policy experts in the future decades include the following: demography, urbanisation, environment, climate change, food, economic growth, poverty, education, health, trade, technology and migration (Grimm et al., 2008: 5-6) [↑](#footnote-ref-4)
5. Art. 177 and 181 of the Treaty of establishing the EEC. [↑](#footnote-ref-5)
6. 5th chapter of the Reform Treaty. [↑](#footnote-ref-6)
7. Publicly accessible information on the process was scarce. In the first months of the 2008 only the press agency *Agence Europe* provided an analysis of the issue; besides it seemed to be based on briefings from a similar process during Luxemburg's efforts in 2005 when similar discussions took place on the possible implementation of the later not ratified Constitutional Treaty. [↑](#footnote-ref-7)
8. On February 26th 2008 an open debate was organized by *Friends of Europe* in Brussels; the topic was discussed also in other fora, but in relatively limited circles with very little publicity. Some NGOs at the meeting warned that the debate on the implementation of the Reform Treaty betrayed the Union's long standing principles of partnership in development cooperation and independence from political considerations of humanitarian assistance. Very alarming to the NGOs was also the possibility that after 2014, when according to the Nice agreement today's 27 EU Commissioners would be reduced to 18, there will no longer be a Development Commissioner (*Friends of Europe*, 2008). [↑](#footnote-ref-8)
9. Until the early months of 2008 only some representatives of Member States dared to make public statements on the future of the EU development cooperation. Slovenia wanted to put the item on the agenda of the "Conference on challenges of the EU27 development policy", which was held at Brdo in February 2008, and only the Dutch Minister was ready to address the issue with an introductory speech to an informal debate in an enclave format. As already mentioned above, the main reason for the caution was the ongoing ratification process. [↑](#footnote-ref-9)
10. *Agence Europe* (16. 2. 2008, p. 23). [↑](#footnote-ref-10)
11. Introductory speech of the Dutch Minister for development cooperation Bert Koenders to an informal discussion on future development cooperation at the "Conference on challenges of the EU27 development policy" at Brdo on February 18th 2008 (Koenders, 2008). [↑](#footnote-ref-11)
12. According to the EU Consensus on development cooperation the “developing countries” are all ODA recipient countries. [↑](#footnote-ref-12)
13. According to media who reported on the debate in Coreper in February 2008 the mainstream idea about future High Representative's deputies was that:

*"one could be appointed to cover CFSP and further deputies could deal with other policies - such as ENP and development aid - that lie under the High Representative "hat", with shared and overlapping competencies, and where some "contamination" may be not only inevitable, but also necessary." (Agence Europe, ibid: 21).*  [↑](#footnote-ref-13)
14. Nobody opposed to the fact that humanitarian workers should act independently from, for example, the military or political staff when intervening in conflict caused humanitarian crises. But, on the other hand, at the same time efforts were made also to provide better coordination on the security-development axis (Cravinho, 2007). [↑](#footnote-ref-14)
15. We could at this point start a very interesting but also very demanding and complex discussion of Economic Partnership Agreements (EPAs) between the EU and regions of African, Caribbean and Pacific states (ACP), and on the Aid for Trade (AfT) and its possible consequences for the Doha Development Agenda (DDA), but due to the different purpose and the structure of the present text, we prefer to leave these issues for a separate discourse. [↑](#footnote-ref-15)
16. *European Policy Center*, 2007: 84. [↑](#footnote-ref-16)
17. *Agence Europe, ibid*. [↑](#footnote-ref-17)
18. Security is a specific field of intergovernmental cooperation with no commitments of the Commission. [↑](#footnote-ref-18)
19. The early 1970s were very interesting from the point of view of EU development cooperation. It was just after the major wave of the decolonization in the 1960s and it was just before the preparation of the Lomé Convention and the first EU enlargement, when the UK as a major ex colonial power also joined the EU. [↑](#footnote-ref-19)
20. Informal debates were suggesting passing the ACP agenda to the Working Party on Africa (COAFR) in the future. [↑](#footnote-ref-20)
21. European Parliament, 2007. [↑](#footnote-ref-21)
22. These meeting were held only in the first two months of the presidency period; they turned out to be an unusual gathering of delegates who to some extent believed in special characteristics of the group, but on the other side also kept on questioning the real purpose of artificially keeping the distinctions from the EU15 or individual member states in that group. Many of those who attended the meeting admitted that "they did not want to miss something which eventually may turn into something interesting". [↑](#footnote-ref-22)
23. An example of such cooperation is "Trialog" cooperation, where development projects are jointly organized by three NGOs - one from an EU15, the second from an EU12 and the third from a developing country. [↑](#footnote-ref-23)
24. European Parliament, ibid.; report from an informal meeting of the EU12 development ministers, which was held in Slovenia in December 2007. [↑](#footnote-ref-24)
25. Most of the EU12 are represented at development GAERC meeting by Deputy Ministers of Foreign Affairs. [↑](#footnote-ref-25)
26. European Policy Centre recently published a study on the possible development of the EU External Action Service, where they statistically compared numbers of the representations of the EU15 and the EU10 in third states in all world regions. Between 2000 and 2006 the number of the diplomatic representations of the EU10 increased all over the world, but neither before nor after in non of the world regions the EU10 were better represented that were EU15 (*European Policy Center*, 2007: 36). [↑](#footnote-ref-26)
27. The networking process for agencies from the EU Member States started under the auspices of the Commission as an effort to achieve more complementarity among the EU donors in spring 2007. [↑](#footnote-ref-27)
28. As is known, the EU development cooperation has developed through the conventions (the Yaoundé Convention and the Lomé Convention) and agreements (the Cotonou agreement) which were meant to soften the economic distortions between the ex colonial powers and their overseas territories; in particularly they were meant to provide free access for products of the ACP states to the EU market and in this way to contribute to their prosperity. On the other hand, the EEC also supported development projects in other regions (the EU neighbourhood, the Balkans and elsewhere), but that was done in the framework of other agreements (trade agreements, trade and economic cooperation agreements, association agreements) (Nugent, 1994). [↑](#footnote-ref-28)
29. *European Consensus on development*, art. 1. [↑](#footnote-ref-29)
30. DG Development only had desk officers for the ACP countries and for example Pegase (a new financial mechanism to support reconstruction and development of Palestinian territories) was developed by the DG RELEX, and not by the DG DEV. The project consisted of multi-sectorial support for rebuilding infrastructure and social institutions in areas affected by conflict and clearly manifested elements of international development cooperation and humanitarian aid. But when the project was drafted - according to the AidCo representatives at the meeting - there was no real need to consult Commission's directorate for development, since the latter was only dealing with the ACP affairs (also at the press conference the mechanism was presented solely by the staff from the Commission's department of external relations). [↑](#footnote-ref-30)
31. To some extent that was indeed the case in some contacts which Slovenia - as one of the ex Yugoslav republics - had for example with countries members of the Movement of Non-aligned States, to which Yugoslavia was the founding member, or with some Balkan states, especially Kosovo. [↑](#footnote-ref-31)
32. For detailed analyses of financial trends and information on EU commitments, see a list of the Commission documents in the References section. [↑](#footnote-ref-32)
33. In 2005, the European Commission completed a broad consultation process on the future on EU development policy. The debate was structured on an issue paper, prepared by DG Development, which aimed at answering questions regarding why, who, what and how the EU should deal with development policy (European Commission, 2005). The structure of that analysis was different from the present one at least in the sense that it did not stress so much the differences among the Member States and the influence of the global context. [↑](#footnote-ref-33)
34. These policies are: [trade](http://ec.europa.eu/trade/), [environment](http://ec.europa.eu/dgs/environment/index_en.htm) and [climate change](http://ec.europa.eu/development/policies/9interventionareas/environment/climate/climate_en.cfm), [security](http://ec.europa.eu/development/policies/9interventionareas/governance/fragile_states_en.cfm), [agriculture](http://ec.europa.eu/agriculture/index_en.htm), [bilateral fisheries agreements](http://ec.europa.eu/dgs/fisheries/index_en.htm), [social policies (employment)](http://ec.europa.eu/dgs/employment_social/index_en.htm), [migration](http://ec.europa.eu/dgs/justice_home/index_en.htm), [research / innovation](http://ec.europa.eu/research/index.cfm), [information technologies](http://ec.europa.eu/dgs/information_society/index_en.htm), [transport and energy](http://ec.europa.eu/dgs/energy_transport/index_en.html) policy. [↑](#footnote-ref-34)
35. One of the important achievements of the German EU presidency in 2006 was that they managed to bring through the Council procedure entitled *EU Code of conduct on the complementarity and division of labour*. The Code is based on the OECD Paris principles and it aims at a better spread of aid in geographical and sectorial terms. According to the Code the donors should focus on selected countries, if possible the aid-orphan countries, and on selected sectors, if possible aid-orphan sectors. [↑](#footnote-ref-35)
36. European Commission analyses have shown that on one hand some countries and sectors seem to be significantly over crowded and overburdened with donor initiatives (pharmaceutical projects in Tanzania), while on the other hand there are countries which are neglected (aid orphans), affected by conflict and poverty and as such represent a threat for regional or even global stability. [↑](#footnote-ref-36)
37. Similar, but not identical, efforts within the UN are known as the debate on the enhancement of system-wide coherence. The EU is active in this regards and is regularly briefed by the UN on progress. In one of the briefings on this issue, in February 2007, the head of the UN delegation in Brussels, Antonio Vigilante, reported that, unfortunately, paying too much attention to the process and coordination in their field offices is turning their staff in over burdened liaison officers with very little time to dedicate to the search for creative solutions for the developmental challenges in developing countries. He pledged for a better focus on the problem solving instead of process monitoring. [↑](#footnote-ref-37)
38. Grimm et al., ibid. [↑](#footnote-ref-38)
39. Even if not all EU Member States are members of the OECD, this organization influences the dynamics, agenda and the standards of EU development cooperation policy significantly. [↑](#footnote-ref-39)
40. There is a special Council working party (Working Party on International Conferences) which may be activated on an *ad hoc* basis if there is a special need for the enhanced EU coordination process in addition to that already existing within the appropriate thematic or regional working body or in addition to that already existing in some international organisations (UN, OECD etc.). The common position reached within this working party is approved by Coreper and stands as the common EU position in negotiation processes at the conferences with non EU stake holders. [↑](#footnote-ref-40)
41. Council conclusions in the field of the EU development cooperation and humanitarian aid foresee stock-taking or reporting on many different initiatives, especially in the mainstreaming areas. The Commission often complains that the burden of reporting on so many issues is too heavy and will result in superficiality, if Member States do not share the burden of such initiatives. [↑](#footnote-ref-41)
42. Slovenia has put on the agenda the issue of children in the EU external action; Portugal the EU response to situations of fragility etc. [↑](#footnote-ref-42)
43. Recently, the complexity of the issue of rising food prices was an important illustration of how complex the phenomena in development cooperation are, and that very often the reaction of the development cooperation domain must consist of more layers and time spans: short term (emergency aid), medium term (addressing the policy root-causes and, if possible, offering positive incentives to the most important agents in the field), long-term (addressing the structural root-causes and improving the decision-making system). [↑](#footnote-ref-43)
44. Recent efforts of the European Commission regarding aid to Africa has generated the initiative on a trialogue work among the EU, Africa and China to better address the development issues of Africa in the context of a more sustainable growth. [↑](#footnote-ref-44)
45. Some targets are set very far in the future and in some cases may generate relations of clientele, for example: the next stock taking of the state of affairs in the UN system-wide coherence planning is scheduled for 2012; the Cotonou agreement is valid until 2020 (but at least it is reviewed every five years); some partner countries announced that they were not sure whether they wanted to implement the *Code of conduct on complementarity and division of labour*, because that may lead to decreased funding, etc. [↑](#footnote-ref-45)
46. Riddell (Riddell, 2007) points out that many donors prefer to allocate aid in relation to their security effort (war on terror and allocations to Afghanistan and Iraq). That becomes even more obvious if we also analyse aid allocations of non-EU donors, like the US, Australia and Japan (Jones in Riddell, 2007: 98). Also from the EU agenda we could assume that the interest for more synergies on the "security and development" axis (initiatives like EU response to situation of fragility or to children affected by armed conflict) may originate from Member States' direct experience of intensified development efforts on issues related to security; also the Pegase project of support to economic and social reconstruction in the Near East could also be seen as an attempt to stabilize the EU vicinity. [↑](#footnote-ref-46)