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A New European development policy statement

Sven Grimm, Marie-Laure de Bergh and Christian Freres

Overseas Development Institute, London, ECDPM, Maastricht and ICEI, Madrid

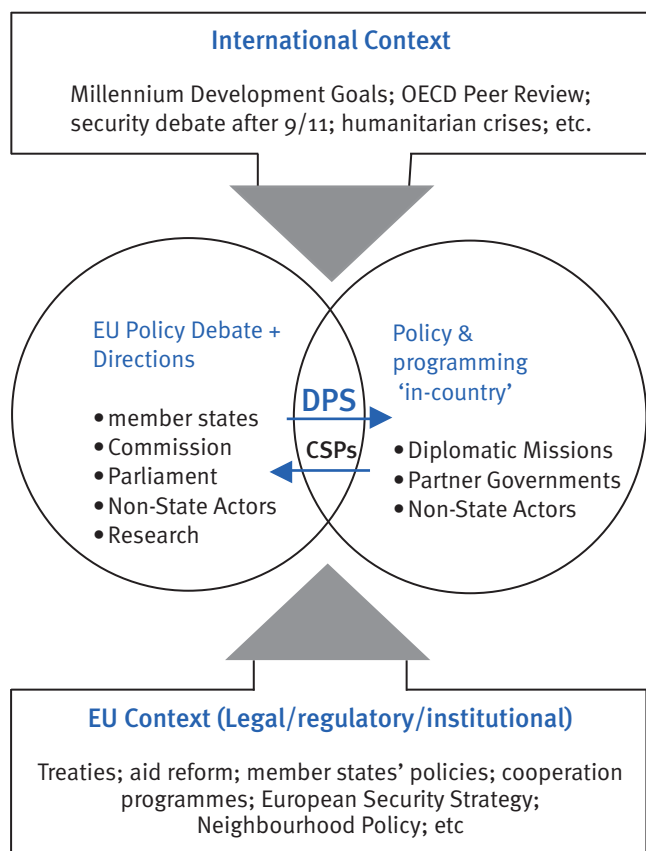
The picture in brief

The November 2000 European Community's development policy statement (DPS) is under revision. When it came out, it was a landmark in the reform process of the Union's external relations. The DPS was a key document in putting poverty reduction at the top of the list in international development goals at EC level. However, the policy was written before an international consensus formed around the Millennium Development Goals (MDGs). And it does not address the development-security nexus or the particular issue of engaging with 'fragile states'. Since 2000, the world has changed and so has the EU. Five years on, the DPS therefore suffers from two major shortcomings: First, some currently important issues in development thinking are not

covered in the text. And second, the process in 2000 omitted key stakeholders in development policy which resulted in limited 'ownership' of the statement beyond certain parts of the Commission, thereby reducing its effectiveness.

For the current review, the Commission has issued a Communication [COM (2005) 311] that outlines its suggestions for a new DPS. This Briefing Paper therefore assesses the Commission's recommendations in the light of both the new circumstances and an evaluation of the November 2000 development policy statement.¹

Figure 1: What role for a Development Policy?



Source: ECDPM/ODI/ICEI (2005): Assessment of the EC Development Policy – DPS Study Report.

The role of a policy statement

The DPS is not EU legislation, but a high-level policy statement. As such, it is expected to sit alongside other strategies, such as the European Security Strategy or the EU's sustainable development strategy.

This kind of high-level document is first of all a statement of intent against which action can be measured and accounted for. Second, it is a rallying point around which various actors and stakeholders can unite in a common effort. Third, it also provides an overall framework for continuing policy debate. It should be kept in mind that it is a policy on development, not on all external action. Finally, given the structure of the currently discussed new financial instruments, the DPS should serve as a basis for actors, such as the Parliament, to monitor the implementation of EC development policy.

The DPS is largely a reflection of the Brussels debate and should complement EU country planning. Success of a policy statement hinges on the degree to which stakeholders are persuaded by it. As a valuable point of reference for stakeholders, it also has to fit into, and offer thoughts on further evolution of the international context as well as other EU strategies (see figure 1).

Assessment of the 2000 development policy

With its communication of April 2000, the Commission addressed criticism formulated in a number of evaluations and the 1998 OECD DAC Peer Review. One key point of critics was the lack of guidance and focus of EC development policy. In 1999, therefore, the Council demanded the formulation of a guiding document for the EC's development policy. A Commission Communication was issued as a basis for discussion. The final policy was agreed by the Commission and the Council.

As the first of its kind for the EC, the November 2000 document certainly gave **strategic direction** and helped to **strengthen the focus** of EC development policy both in terms of objectives and means. Within the overall objectives of EC development policy, the DPS put poverty reduction at the top of the agenda. It also provided the EC with a strategy to achieve this objective by choosing six focal sectors on which Community aid would concentrate (see box 1).

Box 1: Main Elements of the 2000 Development Policy Statement

- *Poverty reduction* is defined as the overall *objective* of EC development policy
- Community aid is *focused on six sectors* where the EC has an added value and which relate to the poverty reduction objective: link between trade and development, regional integration and cooperation, support for macro-economic policies and promotion of equitable access to social services, transport, food security and rural development, institutional capacity-building
- The following *cross-cutting themes* were to be integrated in all programmes financed by the EC: human rights, environment, gender equality, children's rights and conflict prevention
- The 3 Cs of the Maastricht treaty: *coordination, coherence and complementarity*, should guide the development policies of the EC and member states
- The principles of *ownership, resource allocation* on the basis of needs and performance of partner countries, and a *participatory approach* were to apply.

However, some shortcomings of the 2000 statement can be identified. At the EU level, no distinction is made between different levels of development and various instruments. On this point, the April 2000 Communication argued in more detail than the 2005 Communication. The issue is likely to have been contested by member states. The DPS, and particularly the selection of focal sectors and the main principles, were certainly influenced by the Cotonou agreement, which was being finalised at the time. But the DPS of 2000 did not explicitly assert the EC's comparative advantage in comparison with member states, even though the six focal sectors were said to be defined on that basis.

Beyond the question of formulations, the practice of complementarity in EU action is disappointing; the EC still acts as a separate donor from member states in many countries. The focus in EC cooperation proved hard

to realise in practice. And cross cutting issues were not successfully 'mainstreamed' because of a lack of capacity and know-how. Last but not least, process seems to have been a strong bottleneck for translation of the DPS into practice: many stakeholders were not sufficiently involved in the debate. Consequently, the **DPS lacked ownership** both by some Commission services and by the European Parliament. In general, the Statement managed to embody the development consensus of its time in a single declaration that remains a reference point. Since 2000, however, the context of development policy has evolved and the policy is partly outdated.

Changes since 2000

First, an international development consensus has emerged with the **Millennium Development Goals (MDGs)** at the centre. The Millennium Summit in September 2000 unleashed and inspired a host of interrelated processes. First, it established fairly specific developmental goals; progress in reaching the MDGs will be evaluated at the UN high level event this September. Second, it included broader goals aimed at promoting partnership relations between rich and poor nations and providing greater opportunities for the developing countries within the global economic system. The Monterrey Conference on financing for development and other follow-up events, the OECD Paris Declaration on Aid Effectiveness, the Johannesburg Summit on Sustainable Development, the Rome Declaration on Harmonisation, and even the Doha 'Development Round' can be directly or indirectly linked to this new consensus. Since it did not refer to the MDG framework, the 2000 DPS gradually declined in relevance, both in the EC, and particularly among member states.

Second, **security concerns** are high on the international agenda. Less than one year after the DPS came out, the 9/11 attacks shocked the world. External policy issues, including development, are increasingly conditioned and affected by security considerations. This has fanned a number of debates about policy coherence for development. There is no clear broad consensus as yet. This new situation led to a series of policy decisions (i.e., with regards to aid to Afghanistan) that mostly ignored the 2000 DPS.

And finally, there have been important **changes in the EU**. These changes and debates include an unprecedented enlargement (in terms of the number of states and the particular challenges in integrating them), the external policy framework, the draft Constitution, the Financial Perspectives for 2007–2013, and a series of reforms in EC aid management. The 2000 Statement proved useful in synthesizing policy concepts until then, but it did not suit the new evolving institutional environment. Another issue is aid volume. In connection with the Millennium process, Member states made commitments to substantially increase giving in 2002 and 2005 Council meetings. This will be posing a new challenge (and opportunities) for EU development policy.

Does the communication of July 2005 address these challenges adequately?

The 2005 Communication – Key suggestions and innovations

The suggested **range of the DPS** has changed: The scope of development policy is correctly given as covering ‘all developing countries’, i.e. across all cooperation programmes. Yet, the Communication is more ambitious than the Communication of 2000 or the current DPS. The new communication is divided into two parts. In part I, it formulates principles for all EU development policy, while part II gives guidelines for development policy administered by the Commission. Part I formulates a ‘European Consensus’, including member states. It also refers to common values of the EU. This could be a first step towards a common and more consistent EU development policy, given that development cooperation is a shared responsibility between Community and member states. This split in itself is a major innovation. But it also entails risks. First, it will be challenged that the right balance is struck between a detailed part I on the EU and part II with guidelines for the EC; member states are likely to pick on this. And second, ‘grand strategies’ have limitations in themselves. They aspire to take all stakeholders on board. The resulting consensus is more building on what has already been agreed (i.e. level of aid, Paris declaration) than giving new answers. However, given the situation in 2005 this trade-off seems necessary and the new range has to be welcomed.

The Communication aims at preparing a strategy paper. For this task, there is surprisingly little analysis of **challenges** ahead in the paper, other than brief reference to globalisation. How should it balance aid to poor and middle-income countries? Why is the EU or the EC choosing the **instruments** and in what **mix**? It might prove impossible to set principles for regional allocation of aid in Council, given conflicting interests of member states. The **differentiation** in part II – the guidelines for EC policy – among LICs, MICs, neighbouring countries and fragile states, is therefore pragmatic. In some cases, it gives details on the different instruments to be used (e.g. ‘fragile states’). In others, however, it does not discuss instruments or priorities, such as for neighbouring countries, or to some extent for MICs. Debates among Member states on what constitutes development policy are likely to re-emerge: How clear should the statement be about poverty reduction, and how do we understand poverty reduction? The EU paper gives the answer of focussing on poor people ‘in all countries’. The argument could have been better developed. The argument in favour of budget support in part II of the communication is detailed on the rationale, but does not give evidence for asserted advantages.

Linkages between development policy and **other policies** are indicated. The list covers a broader range than in the 2000 DPS and the previous communication. Beyond trade and economic growth, it includes inter alia security, migration, and environmental issues. Some linkages are elaborated in more detail in part II on guidelines for EC cooperation; overall, however, the guiding principles are not clear. References to the MDGs are helpful for focussing,

and could be strengthened, even though they come along with their own limitations. **Coherence** of policies is mentioned in a short subsection. The list of policy areas that are contributing to achieving the MDGs surprisingly omits foreign policy. While the paragraph rightly points to the need for greater coherence at the member state, the Council, and the Commission level, the point lacks sufficient emphasis in the Communication. Current negotiations about the Financial Perspective 2007–2013 will largely determine the future shape of EU funding instruments. However, the 2005 DPS should explicitly state that all legislation will be revised according to the formulated criteria. Without a systematic revision of existing legislation – regional programmes and thematic budget lines – the statement risks being ‘*lettres mortes*’.

The **focal sectors** have been considered the key features in the 2000 DPS, alongside the explicit statement of the goal of poverty reduction. However, the definition and/or selection of focal sectors have been criticised. As an alternative, the 2005 Communication offers eight ‘action themes’ for the entire EU, rather than the six priority sectors, while still specifying target areas of interventions. The explicit linkage to partner countries’ needs remedies an omission in the 2000 Statement. However, the areas for EC activities listed in part II² are not obviously linked to the action themes in part I. They are very broad and sometimes encompass awkward pairing of themes, e.g. ‘human rights and capacity’ under theme 1. In its current state, the increase in number of areas and their broad range can be understood as a lack of focus by the Commission. This choice of priorities is likely to be intensely debated by member states.

Cross-cutting issues such as gender, human rights, and protection of the environment are covered under values and are not further elaborated upon. In the 2005 communication, the issue was dropped as a separate point and some of them can now be found in a section on ‘values underpinning the EU’ and ‘other objectives’. Conflict prevention as a keyword has disappeared altogether in Part I. It is an issue for the European Security Strategy of 2003; it is thus even more surprising that the wording cannot be found under ‘development and security’. It is only discussed as an activity of the EC.

One of the key issues underlying any policy statement is **complementarity** of EU action. It is clearly not politically feasible to exclude certain member states from certain sectors or regions or bring all development cooperation under Community control – hence the setup of shared competences. On the other hand, a lack of clear self-restrictions on particular issues by the Commission is very likely to trigger criticism by member states. For their part, member states seem reluctant to argue for their respective comparative advantages. Under these conditions, the task of clearly identifying EC comparative advantages for overall sectors or even regions seems overwhelming. It might be less politically contested if discussion takes place in the context of a partner country, on a case by case basis.

Conclusion

Reaching consensus among all relevant actors within the EU is particularly relevant in a policy area of 'shared competence' and even more so at times of uncertainty for a European Constitutional Treaty. A policy statement can clarify the principles for cooperation beyond the existing 'backbone' of the Treaties. The suggested formulation of an EU consensus, including member states and the European Parliament, is thus a major improvement with regard to both the 2000 Communication and the subsequent DPS.

The 2005 Communication contains many useful points for a new DPS.

- **Process** has improved: the European Parliament was not involved in the 2000 Statement. The Commission's proposal now suggests that the new Statement should be a twofold document to be agreed upon by Commission, Council as well as Parliament. Other stakeholders were involved by means of consultations. Much could be said about shortcomings in the procedure, but the fact that it has taken place is noteworthy.
- Formulating a 'European Consensus' is ambitious: The 2005 Communication suggests an EU strategy. Principles and values for international development are formulated for bilateral policy of both the Commission and the member states. Due reference is made to international commitments, not least the MDGs and the Rome Declaration on Harmonisation. Responsibility and ownership of partner countries are emphasised.
- A second part gives guidelines for implementation of development **policy by the Community**. The guidelines contain details on areas the Commission wants to concentrate on and on aid modalities, such as budget support. In the current form, the linkage to previously identified 'action themes' for the EU in the first part remains unclear.
- The Communication attempts to address interactions between development and **other external action areas**, addressing more issues than the 2000 policy. One risk of a multiple-interest approach is that poverty reduction as an objective may receive insufficient attention. The new DPS needs to identify linkages to related policy fields; it does not need to cover every detail.

The communication of 2005 prepares the ground for a new development policy statement. However, a policy statement will need to be more concise than a Commission Communication. While shortening and sharpening the text, one should keep focused on the role of a development policy:

- Discussion of future challenges for development policy will need attention. This could replace much of the specific argumentation for particular sectors.
- Attention should be on 'the fundamentals': the EU's goals, principles, and instruments. It is a focal point for discussion, but will not substitute for continuous engagement of all actors.
- Guidelines for the Commission should be more detailed than the 'European Consensus', but again: The purpose of this document is not micro-management. Performance will have to be measured against the formulated principles and goals.
- Concentration of EC activities and the selection of focus on country level is to be welcomed. Too many details on specific themes, though, appear to broaden the scope of EC activities instead of focussing it.
- Instead, the choice of instruments and their respective advantages for particular situations (level of development, conflict or post-conflict, other?) is important. This ought to clarify which mix of 'tools' to choose in order to support poverty reduction in partner countries.

Finally, it has to be emphasised that the acid test for any policy is its **translation into practice**. Much will depend on decisions to be taken in the next months, e.g. the Financial Perspectives 2007–2013. Even more so, development cooperation depends on its implementation on the ground. More coordination of EU activities seems necessary, with regard to both policy areas and the multitude of EU actors in development. Coordination does not necessarily imply centralisation by EU delegations. However, it requires political will of all actors.

Footnotes

- 1 For a full report see ECDPM/ODI/ICEI (2005): Assessment of the EC Development Policy. DPS Study Report.
- 2 (i) governance and support for economic and institutional reform; (ii) trade and regional integration; (iii) infrastructure and transport; (iv) water and energy; (v) social cohesion and employment; (vi) human and social development; (vii) rural development, territorial planning, agriculture and food security; (viii) the environment and sustainable management of natural resources; and the prevention of conflicts and of state fragility.

The Communication from the Commission of July 2005 and the DPS of 2000 can be found under:
www.europa.eu.int/comm/development/index_en.htm.

The assessment of the 2000 DPS may be downloaded from
www.odi.org.uk/edc/activities.html

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