



*Eurostep is a network of autonomous European non-governmental development organisations working towards peace, justice and equality of autonomous European non-governmental development organisations working towards peace, justice and equality in a world free of poverty. Its European non-governmental development organisations working towards peace, justice and equality in a world free of poverty. Its governmental development organisations working towards peace, justice and equality in a world free of poverty. Its membership, rooted in development organisations working towards peace, justice and equality in a world free of poverty. Its membership, rooted in their own societies, works towards peace, justice and equality in a world free of poverty. Its membership, rooted in their own societies, works together to influence Europe's role in the world, particularly in free of poverty. Its membership, rooted in their own societies, works together to influence Europe's role in the world, particularly in*

## Europe's global responsibility: The centrality of its development policy

By Simon Stocker, Director of Eurostep

The ratification of the Lisbon Treaty over the coming months will be important if we are to capitalise on the gains that it contains. When in December 2002 the European Council launched the process to update the Union's Treaties to enable the enlarged membership to work more efficiently, NGOs saw it as an opportunity to strengthen and clarify the legal base for Europe's development cooperation policy. The result has been all that was sought. The Lisbon Treaty clearly identifies that the Union's development policy provides the principal framework governing the EU's cooperation with all developing countries. This policy places the eradication of poverty as the overarching objective, for which the achievement of the Millennium Development Goals (MDGs) is central. The Treaty also maintains the principle that all EU policies having an impact on developing countries are coherent with the Union's development policies and their implementation. Additionally for the first time it also includes a legal provision within the Treaties for the EU's humanitarian assistance to all parts of the world. The outcome of the review of the future use of the EU budget should reflect the amended Treaties.

### The EU's cooperation with developing countries

The European Union provides more than 50% of the total global development aid<sup>1</sup>. If the commitments made by the EU and its member states to increase its level of aid over the coming years, with a view to reaching the UN target of 0.7% in 2015, are fulfilled, the proportion of aid provided by the EU will increase.

The European Commission currently manages around one fifth of the EU's official development assistance. Over the seven years from 2007 to 2013, the period of the current financial perspectives, the aid to developing countries managed by the European Commission is expected to total some € 52 billion. Of this € 28.9<sup>3</sup> billion will be provided by the regular budget of the EU, with a further € 22.68<sup>4</sup> billion being provided through the European Development Fund.

When, as part of the preparations for the current financial perspectives, revisions were made to the legal instruments governing the use of the EU's funding, significant moves were made towards ensuring that the EU's development cooperation was implemented as part of a global development policy. This was consistent with the way in which EU development policy was approached in the proposed changes to the Treaties. The EU's development cooperation has been a principal expression of the Union's relations with the rest of the world since the establishment of the European Economic Community 50 years ago. This primarily focused on cooperation with countries in Africa, the Caribbean and the Pacific, and was financed through the European Development Fund. The EDF has remained a principal funding instrument for the EU's development cooperation, and the EU's cooperation with ACP countries has been synonymous with its development policy.

Over time the EU has developed its cooperation with other developing countries – in Asia, Latin America and other parts of the world, and this has been financed by the regular EU budget. However, these relationships were not primarily built on the basis of the EU's development policy, but on other interests of the EU, particularly trade. The structure of the Commission for managing the different relationships reflected these different policy interests. The Directorate for Development, which is supposedly responsible for EU development policy, is only responsible

<sup>1</sup> In [http://ec.europa.eu/development/policiesgen\\_en.cfm](http://ec.europa.eu/development/policiesgen_en.cfm)

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geographically for ACP countries. Overseeing cooperation with other developing countries is managed by the Directorate for External Relations. The External Relations Commissioner is also responsible for EuropeAid, the Directorate of the Commission responsible for implementation of all aid programmes.

### **Towards a global development policy for the EU**

One of the key results in the establishment of the Development Cooperation Instrument in 2007 was to more clearly establish the application of the EU's development policy as the principal policy framework for the EU's cooperation with all developing countries. The provisions of the Union's Treaties set out the broad objectives for this policy, the principal of which is the eradication of poverty. Since 70% of those living in poverty are women, addressing gender inequalities is fundamental to achieving this objective.

In its role as one of the co-legislators for establishing the revised legal instruments the European Parliament ensured that the funds provided through the Development Cooperation instrument must finance legitimate development activities, as defined by agreements made within the DAC<sup>2</sup>. An emphasis was given to prioritising investing in the provision of social services as a fundamental basis for development. This was underlined with the inclusion of a requirement for at least 20% of the EC's aid to be used for this purpose. In addition, in recognition that 70% of people living in poverty are women the

### **Legal framework for financing EU cooperation with developing countries**

There are now three principal legal instruments that provide the basis for the EU's funding of its cooperation with developing countries – the European Development Fund that funds cooperation defined by the Cotonou Agreement. This instrument is an intergovernmental agreement between the EU's member states and is not part of the regular EU budget; the European Neighbourhood Partnership Instrument (ENPI) for countries covered by the European Neighbourhood Policy; and the Development Cooperation Instrument (DCI) for developing countries not covered by either of the other two instruments. The DCI also covers the financing of a set of thematic programmes applicable to developing countries in all parts of the world. In addition there are two other instruments relevant for cooperation with developing countries – the Stability Instrument primarily intended to finance actions addressing situations of conflict, and an instrument covering the EU's humanitarian aid. The financing of cooperation with countries seeking membership of the EU is covered by a separate Enlargement Instrument which specifically supports actions within these countries that brings them into line with the EU's *acquis communautaire*.

<b>Legal instrument</b>	<b>Applicability</b>	<b>Financing available</b>	<b>Period</b>
European Development Fund	Countries of the African, Caribbean and Pacific Group	€ 22.68 billion	2008-2013
Development Cooperation Instrument <sup>3</sup>	Asia, Latin America and South Africa	€10.057 billion	2007-2013
	Thematic programmes for countries covered by the EDF, DCI and ENPI	€ 5.596 billion	
	ACP Sugar Protocol	€ 1.244 billion	
European Neighbourhood Partnership Instrument <sup>4</sup>	Southern Mediterranean, Middle East, Southern Caucuses and Eastern Europe	€ 12 billion	2007-2013
European Instrument for Democracy and Human Rights <sup>5</sup>	All countries	€ 1.104 billion	2007-2013
Stability Instrument <sup>6</sup>	All countries	€2.062 billion	2007-2013
Humanitarian Aid Instrument <sup>7</sup>	All countries	€7.36 billion	2007-2013
Enlargement Instrument for Pre-Accession Assistance <sup>8</sup>	Countries seeking entry into the EU	€ 0.012 billion	2007-2013

<sup>2</sup> There were some clearly defined exceptions but these account for less than ...% of the overall allocation.

<sup>3</sup> REGULATION (EC) No 1905/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 December 2006 establishing a financing instrument for development cooperation

<sup>4</sup> REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument

<sup>5</sup> REGULATION (EC) No 1889/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 December 2006

<sup>6</sup> REGULATION (EC) No 1717/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing an Instrument for Stability, 15 November 2006

<sup>7</sup> COUNCIL REGULATION (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid

<sup>8</sup> COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)

## Implications of the Lisbon Treaty

Ratification of the Lisbon Treaty in itself will not be sufficient to ensure that the EU's cooperation with developing countries is primarily motivated by its development policy. In seeking to strengthen the effectiveness of the EU's political role in the world the Lisbon Treaty will result in some significant changes in the way in which the EU relates to the rest of the world. One of the principal aims of changes in the Lisbon Treaty is to bring increased consistency between the different external policies of the EU – trade, development, humanitarian assistance, foreign political policy, security, defence, etc. For some of these (trade, development, and humanitarian assistance) the European Commission has a role in their implementation; for others (foreign policy, security, and defence) the competence lies solely with the European Council and the member States.

Making the EU's external actions more consistent is certainly positive since the different policy areas all have important contributions to make towards achieving the overall objectives of the Union towards the rest of the world. In the Lisbon Treaty these overall state that the Union actions "shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and development of international law, including respect for the principles of the United Nations Charter." It is necessary to recognize, however, that many of these objectives will only be achieved with a concerted effort to eradicate poverty and to diminish inequalities within and between societies. The very construction of the European Union reflects this approach. The objectives of the EU's development policy are the cornerstone for the EU's overall objectives towards the rest of the world. In this context the promotion of increased consistency between the EU's external policies must contribute to helping ensure that overall the EU's policies and practices that affect developing countries is coherent with EU development policy objectives.

To increase the effectiveness of the EU's role in the world a High Representative of the Union for Foreign Affairs and Security Policy will be appointed. As the title suggests the High Representative will be responsible for the EU's external policies, will be based in the Council of the EU, and will chair the EU's Council of Ministers dealing with external issues. The High Representative will also have a foot in the Commission as a Vice-President with the role to coordinate all of the EU's external policy areas: the foreign and security policies that fall under the remit of the Council, as well as those for which the Commission has competence – including development, trade, economic cooperation, and humanitarian aid.

The Treaty also makes provision for the establishment of an EU diplomatic service – called the European External Action Service (EEAS). Comprised of officials drawn from the Council, Commission and Member States, the EEAS will support the High Representative in the implementation of her/his role in both the Council and the Commission. It is in this context that many questions remain open. Although the Lisbon Treaty provides for the establishment of the EEAS, the "organization and functioning of the EEAS" will be determined by the Council (on the basis of a proposal from the High Representative). The scope and composition of the EEAS is already being discussed within the Commission and Council with a view to a conclusion being reached later in the year. Inevitably the establishment of the EEAS will result in the re-organisation of the Commission's services dealing with external policy issues. It is the result of these negotiations that will determine whether the intentions set out in the Lisbon Treaty for development, to be implemented as distinct areas of competence on the basis of its own objectives, will be realized.

The appointment of the High Representative and the establishment of the EEAS could be positive for increasing the effectiveness of EU development policy, but there is a danger that the significant levels of EU development funds will be used to finance the EU's foreign policy objectives. After all, while the Treaty provides for strengthening the structural means for implementing EU foreign policy, there are no plans for any additional funding for its implementation from the member states, nor any significant shift of power over foreign policy envisaged from member state governments to the EU.

It is in this context that the organization of the legal framework for the management of the EU's budget will need to be considered. This must ensure that the resources provided for the implementation of the EU's development policy are explicitly used for that purpose, with specific reference to the internationally accepted criteria defined in the DAC.

## **Key issues for the EU's future budget**

1. The structure of the future budget of the Union must be consistent with the Lisbon Treaty. The EU's cooperation for developing countries should be financed by budget lines that are directly linked to the articles in the Treaty defining the EU's development policy.
2. The legal instruments covering the EU's cooperation with developing countries should be clearly oriented towards the objectives of the EU's development policy as defined by the Treaty and development policy statements relating to the development articles of the Treaty.
3. Separate legal instruments should be established to finance other external policy areas, such as foreign policy, defence, security, etc. Financial allocations for these instruments should be additional.
4. The EDF should be brought within the framework of the EU's overall budget so as to strengthen the reality of an EU development policy that is applicable to all developing countries, as defined by the DAC.
5. The programming cycle for the EU's development policy should be re-integrated. The current division of responsibilities between two Commissioners and three separate Commission services fragments the management of the EU's development policy. With the establishment of the EEAS parts of the three services (partially) dealing with development programming and implementation should be reunited under one service with one clear public face: EuropeAid. The name EuropeAid has contributed to creating greater visibility. It would be inconceivable after all the investments in EuropeAid, and the positive results this has yielded, for it now to be made redundant.
6. EuropeAid should be overseen by one Commissioner for Development. This logically follows from the Treaty, in which development co-operation is identified as a distinct policy area. The resulting service, which would be associated with the EEAS, would help assure the integrity of the EU's development policy. The Commissioner responsible for this service would then naturally be accountable to the Development Committee of the European Parliament in all the aspects of his/her work.
7. The European Parliament's legitimate role in assuring democratic accountability for the use of the EU's development resources will need to be enhanced, with additional capacity. The Development Committee of the Parliament should be primarily responsible for overseeing the EU's development cooperation in all parts of the world.

## **Conclusions**

NGOs that have followed the initiatives to amend the EU Treaties since the Council's 2002 launch of the process that has eventually brought us to the Lisbon Treaty have consistently argued that the EU's development policy and its objectives should define the framework for the EU's relations with all developing countries (as defined by the OECD/DAC). It is on this question that the gains in the Lisbon Treaty are important. On the back of these gains the EU's development policy has become central to the regulations covering the use of EU development funds in Asia and Latin America in particular, and to a lesser extent in countries of the southern Mediterranean, southern Caucasus and Eastern Europe covered by the European Neighbourhood Policy. As a result there has been an increased consistency in the implementation of EU development policy towards all parts of the developing world.

For this to continue in future it is crucially important that the result of the review of the EU's budget is consistent with these outcomes. For this to be achieved it will be necessary for the set of legal instruments that exist for the current budget cycle to be revised and redesigned. In this process the centrality of the EU's development policy and its objectives must be recognized.

**Note:** An analysis of each article of the Lisbon Treaty from the perspective of development cooperation can be found at <http://www.lisbon-treaty.org> from 1 March 2008.