



January 2004

European Development Cooperation to 2010

International development and foreign policy

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This series of Briefing Papers will identify the main issues in the debate about European Development Cooperation to 2010.

The EDC 2010 project has identified two main drivers of change with respect to European development cooperation. The first is the degree of commitment to Europe, the second the commitment to poverty reduction. The interaction of these two gives four possible European futures: at one extreme, a strong commitment both to coherent European action and to poverty reduction; at the other, a weak commitment to both Europe and poverty reduction; and, in between, two intermediate positions.

EDC 2010 is a project of the European Association of Development Research and Training Institutes (www.eadi.org/edc2010).



Already published in the series:

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Political partnership with the South

Aid disbursement and effectiveness

The internal architecture of European Development Cooperation

ODI wishes to acknowledge the financial support from the UK Department for International Development towards this series. However, the opinions expressed are those of the authors.

The picture in brief

The relationship between development policy and foreign policy is at the heart of current debates about the future of Europe. Will development policy become subservient to foreign policy concerns, for example security and stability in Europe's immediate neighbourhood? Or will agreement be reached on common principles which lead to greater coherence among development, diplomatic and military initiatives – and which allow development policy to be firmly focused on poverty reduction in the poorest countries? These questions will be answered over the next two years: in the continuing negotiation about the Constitution; in decisions made about common foreign, security and defence policies; in decisions about the structure of the new Commission in 2004; and in the allocation of resources.

Issues and options

The interaction between foreign and security policy and international development is especially interesting. In the more Europe, pro-poor position, a highly constructive relationship can be envisaged, in which political, military and economic instruments are brought to bear on issues connected to peace, security and progress in some of the poorest regions of the world. The proposed 'double-hatted' foreign minister would work closely and in partnership with his or her development and trade counterparts, and all three would be sufficiently well-resourced at European level.

A less comfortable outcome would be if external relations as a whole became more European but less (or no more) pro-poor than at present. In this case, the institutions would be strengthened, and the resources increased, but in the service of a relatively narrow definition of strategic interests. Financial allocations would reflect the strategic priority.

In practice, if

- the political response to new challenges such as terrorism does not distinguish between security and development concerns, the development agenda risks being 'captured' by foreign policy goals;
- no explicit distinction is made between humanitarian protection and foreign policy, then development of the Petersberg role under the new EU Security Strategy could weaken the independence of humanitarian space;
- resources for development policy are not ring-fenced in the European budget, then diversion to nearer and more strategic countries – instead of those most in need – could increase;
- a double-hatted solution for the EU external relations is adopted and the new person becomes a Vice-President of the Commission, this is likely to lead to the subordination of development policy to foreign and security policy;
- each Member State sends at least one Commissioner to Brussels, the attribution of regional portfolios in external relations is likely. This might water down the EU's concern with global development and multilateralism.

A little bit of history

European development cooperation has been central to the European ‘project’ since its inception. When the Treaty of Rome was signed in 1957, it provided for the association of colonies and overseas territories of the founding EEC Member States. European foreign policy, on the other hand, has been a late-comer and began informally, outside the EC framework.

Development policy – Out of Africa

The first European Development Fund (EDF) for the colonies and overseas territories was set up in 1957 and became part of all successive agreements. When most became independent in the 1960s, they remained associated to the then Economic Community via the Yaoundé Agreement – largely a reciprocal prolongation of the bilateral colonial ties to the francophone African states. With the accession of the UK in 1973, former British (and former Portuguese) colonies in Africa, the Caribbean and the Pacific joined in an agreement with the EC, signed in Lomé. Successive Lomé Conventions covered three dimensions: (i) aid via the EDF, (ii) non-reciprocal trade preferences to the ACP countries, and (iii) a political dimension.

The Maastricht Treaty in 1993 provided a legal basis for development cooperation with the ACP and other countries. Development policy at European level was declared as being ‘complementary’ to national development policies. Its objectives were defined as sustainable economic and social development, the integration of developing countries into the world economy, and the ‘campaign’ against poverty (Box 1).

Box 1: Treaty establishing The European Community

(as changed by the Maastricht Treaty, 1993)

Title XVII

Development Cooperation (now Title XX)

Article 130u (now Article 177, Treaty of Nice)

1. Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster:
 - the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
 - the smooth and gradual integration of the developing countries into the world economy;
 - the campaign against poverty in the developing countries.
2. Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

Article 130x (now article 180, Treaty of Nice)

1. The Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Community aid programmes.
2. The Commission may take any useful initiative to promote the coordination referred to in paragraph 1.

In subsequent years, the development cooperation of the EU grew substantially, financed partly through the EDF and partly through Heading 4 (External Actions) of the EU budget. By 2002, total expenditure in external actions was € 6.9bn, of which € 5.1bn from the budget.

A new development policy was approved in 2000. This identified poverty eradication as an overarching objective and defined the specific advantages of the EU as being in its potential to ensure coherence and synergies between aid, trade and economic cooperation and political dialogue. Future Community action should focus on six main areas, where the EC claimed a comparative advantage over Member States: (i) the link between trade and development; (ii) regional integration and cooperation; (iii) support for macro-economic policies and promotion of equitable access to social services; (iv) transport; (v) food security and sustainable rural development; and (vi) institutional capacity-building.

Foreign Policy – Common, not Communitarian

In the early days, European Political Cooperation (EPC) was beyond the influence of the Commission or the Parliament. The diplomatic *esprit de corps* led to some success, for example at the Helsinki process – the EC managed to appear as one community in the negotiations with Eastern Europe and could commonly trade incentives in the economic and trade ‘basket’ (i.e. round) of the Conference on Security and Cooperation in Europe (CSCE 1975).

National sovereignty remained inviolable. However, and from 1973, the Commission was asked to take part in meetings, as e.g. trade relations ‘overlapped’ into foreign policy. Eventually, in 1981, the EC Commission became a regular participant in EPC meetings, but without right of initiative. The Single European Act (SEA) was the first to deal with EC and EPC matters in a single document. It contained a chapter dedicated to ‘treaty provisions on European cooperation in the sphere of foreign policy’, which mainly served to legitimise the informal arrangements already practised. It was also in the SEA, however, that the first allusion was made to a necessary ‘consistency’ (today referred to as ‘coherence’).

An improvement in (contractual) commitment was made in the Treaty of Maastricht in 1993. ‘The establishment of a common foreign and security policy’ (CFSP) was declared. The procedure of EPC was largely integrated into the EU Treaty and its secretariat merged with the Council. A ‘minor revolution’, however, was the right of initiative that was given to the Commission.

The major reform in foreign policy under the Treaty of Amsterdam in 1997 was the creation of a ‘CFSP High Representative’, a post filled by Javier Solana. The treaty also made provision for a Common Security and Defence Policy (CSDP), which is still in its infancy. The first joint EU military operations were conducted in Macedonia (Operation Concordia, started in March 2003) and in the province of Ituri in DR Congo (Operation Artemis, June to September 2003).

Humanitarian Assistance

The European Commission’s Humanitarian Office (ECHO) was created in 1992. It took until 1996 before it was defined as a legal entity, by an EC regulation on humanitarian

Box 2: Treaty on European Union

(signed in Maastricht, now in its Nice version)

Title V

Provisions on a Common Foreign and Security Policy

Article 11

1. The Union shall define and implement a common foreign and security policy covering all areas of foreign and security policy, the objectives of which shall be:

- to safeguard the common values, fundamental interests, independence and integrity of the Union in conformity with the principles of the United Nations Charter,
- to strengthen the security of the Union in all ways,
- to preserve peace and strengthen international security, in accordance with the principles of the United Nations Charter, as well as the principles of the Helsinki Final Act and the objectives of the Paris Charter, including those on external borders,
- to promote international cooperation,
- to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.

2. The Member States shall support the Union's external and security policy actively and unreservedly in a spirit of loyalty and mutual solidarity.

assistance. Two principles have guided its work: separation from foreign policy and impartiality. They have helped to ensure the autonomy of ECHO vis-à-vis the Commission's External Affairs Directorate, as well as the office of the High Representative of CFSP. During the Santer Commission (1995–1999), ECHO was represented by its own Commissioner. Since 1999, it has become part of the EU's external relations structure, known as RELEX.

The constitutional debate

The reform of foreign policy has been one of the central issues on the agenda of the Convention on the Future of Europe, established at the Laeken summit in December 2001. The idea of separate 'pillars' of EU action disappears in the draft constitution, but the differences in decision-making between the two policy fields remain. Thus, with or without the Constitution, decisions in the field of development policy are decided by qualified majority vote; in the field of CFSP, unanimity is the rule.

The draft Constitution, elaborated by the Convention, contains a statement on the Union's values (Art 3, para 4), referring to a wide range of issues such as peace and sustainable development, free and fair trade and the eradication of poverty. The current treaty of the EU – in its version under the Nice treaty – indicates the Union's values (Box 2), but falls short of the Constitutional text in some aspects. For instance, the draft Constitution for the first time proposes an article on humanitarian aid (Art III-223). Humanitarian assistance shall be provided according to 'the principles of impartiality and non-discrimination'. The proposed article, however, also states that 'the Union's operations in the field of humanitarian aid shall be conducted within the framework of the principles and objectives of the external action of the Union'.

The draft Constitution also provides for a European Foreign Minister, to be appointed by the Council, but to

be also a Member of the Commission. This proposal is known as 'double-hatting'. Even if the Constitution might not be adopted in the end, complementarity, co-ordination and coherence of European external relations (the three 'Cs') are recurring features.

Issues

Foreign policy versus international development

Since the fall of the Berlin Wall in 1989, the EU has become increasingly concerned with its strategic interests in the 'Wider Europe', particularly in Eastern Europe, the Balkans, and the Mediterranean. This CFSP focus is shared by some Member States and by the European Parliament.

In June 2003, Javier Solana published a strategy paper, the main elements of which were adopted by the European Council in December. The paper explores the need for coherence in EU external action and provides for joint military-civilian command structures. It also refers explicitly to development and trade policy as instruments to support Europe's role in the world (Box 3).

With regard to defence policy, new challenges to security in the post-Cold War have emerged: international terrorism, proliferation of weapons of mass destruction and organised crime (particularly rampant in 'failed states'). How to address these challenges?

The scope and independence of humanitarian action

Following the draft Constitution, the new EU Foreign Minister will be given overall responsibility for the activities of ECHO. Critics fear that this may compromise ECHO's independent position by instrumentalising humanitarian action for narrow foreign policy interests, e.g. in the fight against terrorism and weapons of mass destruction. The already adopted EU Security Strategy provides for the same critical points. In addition, Iraq and Afghanistan provided examples of the risk of militarising humanitarian

Box 3: A secure Europe in a better world

1. 'Extending the security zone around Europe [namely in the East]

2. 'Strengthening the international order

[...] Trade and development policies can be powerful tools for promoting reform. [...] Contributing to better governance through assistance programmes, conditionality and targeted trade measures should be an important element in a European Union security strategy. [...] Preventive engagement can avoid more serious problems in the future [...]

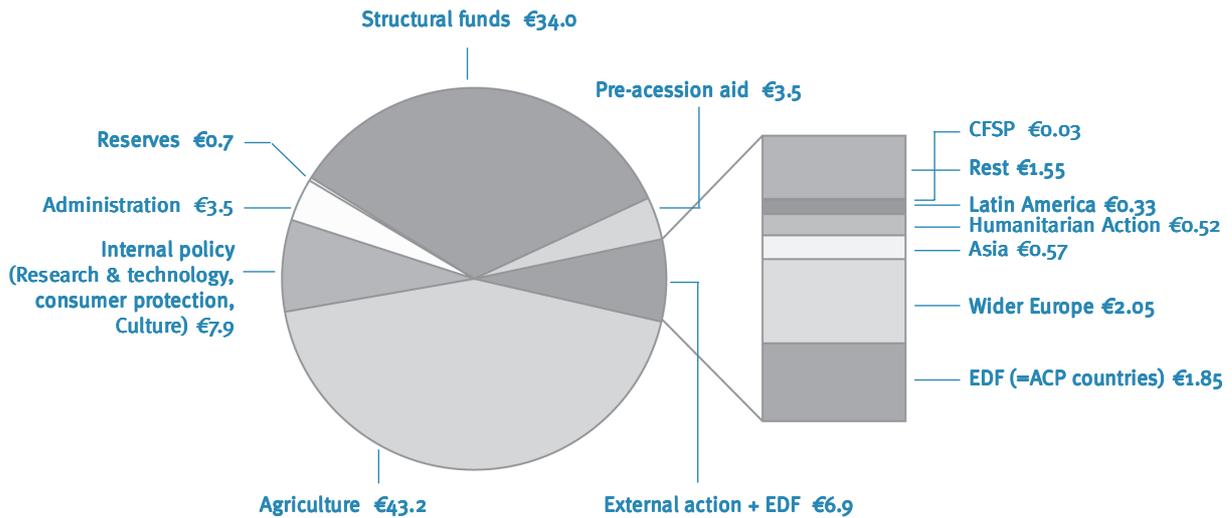
3. 'Countering the Threats

[...] The new threats are dynamic [...] In contrast to the massive visible threat in the Cold War, none of the new threats is purely military; nor can any be tackled by purely military means. Each requires a mixture of instruments [...]

'The challenge now is to bring together the different instruments and capabilities: European assistance programmes, military and civilian capabilities from the Member States and other instruments such as the European Development Fund. All of these can have an impact on our security and on that of third countries. Security is the first condition to development [...] Diplomatic efforts, development, trade and environmental policies, should follow the same agenda. In a crisis there is no substitute for unity of command.'

Source: High Representative of the CFSP, June 2003, So138/03, <http://ue.eu.int/pressdata/EN/reports/76255.pdf>

External relations in EU spending in 2002 (bn)



assistance. The so-called ‘Petersberg tasks’ – which make military units of the member states available for humanitarian and peace-keeping operations – could make military entities the delivery mechanisms for humanitarian assistance.

Internal institutional questions

The choice as High Representative of a former NATO Secretary General, Javier Solana, provided the very informal position of a ‘Monsieur PESC’ with an experienced personality, who – despite his unclear position – was meant to meet on equal footing with foreign and defence secretaries of the Member States. In practice, actions in the field of foreign relations often ‘spilled over’ into the field of competencies of the European Commission, e.g. funding for joint actions from the EC budget or relating to trade instruments. A neat separation of the two policy fields has therefore been difficult, hence the proposal for ‘double-hatting’. Under the Nice treaty, the post of High Representative of CFSP is attached to the Council Secretary-General. Double-hatting of a Commissioner is thus not possible under the current provisions.

A number of questions arise, however, not least of the underlying structure providing policy-input for the proposed Foreign Minister. It would consist of Commission, Council and Member State staff, possibly confusing the ‘command chain’. And to whom would the Foreign Minister be accountable? The Council? Parliament? The Commission President? All of them?

Resources

The European Union devotes about one tenth of all its spending to External Relations in the broad meaning of the term: of roughly € 100bn in 2002, around € 10bn were for external activity. Taking out accession assistance, humanitarian aid and CFSP funds, the greatest share of this (€ 6bn) goes to developing countries. The budget line of the Common Foreign and Security Policy, by comparison, is only € 32.9m – thus about 0.5 per cent of the spending for development assistance. A number of actions are provided for by ad-hoc contributions of the Member States outside the budget, e.g. costs for the military actions in Macedonia and DR Congo. Nevertheless, the budget of EU’s foreign policy remains tiny (see diagram).

A large proportion of development assistance is allocated to middle income countries: the Balkans, the Mediterranean, former Soviet Union republics and the Middle East account for roughly € 2bn. The share of the ‘Wider Europe’ in the EU’s overall development funds is thus about one third, whereas Asia – with a high proportion of the world’s poor – received about € 575m of development assistance in 2002. Asia receives only one third of the per capita funding of Latin America. The Commission proposed a reform in the allocation of money to these two regions, but failed to obtain the necessary majority in the European Parliament in November 2003 following intense lobbying, reflecting national foreign policy preferences.

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ISSN: 1465-2617

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