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# European Development Cooperation to 2010

## The institutional architecture

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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.

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Already published in the series:

### What scenario for the future?

**International development and foreign policy**

**EU trade partnerships with developing countries**

**Political partnership with the South**

**Aid disbursement and effectiveness**

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### The picture in brief

The institutional architecture of European development cooperation comprises: political leadership provided by the Council; the Commission in Brussels; the network of field offices; the supervision and decision-making arrangements for Member States; and the European Parliament. All of these have undergone changes, especially since the appointment of the Prodi Commission in 1999. Recent developments include the creation of a single implementing office for aid, EuropeAid, and the deconcentration of authority to delegations located in developing countries. However, there have been a number of concerns expressed, in particular regarding: the abolition of a separate Development Council and the integration of development cooperation into the General Affairs and External Relations Council (GAERC), attended by Foreign Ministers; the division of responsibilities (and the balance of interests) among commissioners for foreign policy, trade and development; and the weakness of the European Parliament's political supervision.

2004/05 is of key importance, seeing as it does the appointment of a new Commission and the resolution of the Financial Perspectives for 2007–13. 'Budgetisation' of the European Development Fund looks likely, incorporating what has hitherto been a separate development fund into the main EU budget; this would give the European Parliament a greater voice but could reduce the share of aid going to the poorest countries if funds are not ring-fenced. The eventual approval of a new constitution and the appointment of a European foreign minister will also have an impact on the institutional architecture.

### Issues and options

Following on from the scenarios introduced in the first paper of this series (*What scenario for the future?*), positive and negative outcomes for the future could involve:

#### Positive:

- The GAERC paying full attention to international development;
- A clear separation of responsibilities among commissioners responsible for (a) foreign policy, (b) trade and (c) development and humanitarian aid;
- Unified leadership of development policy planning, implementation and evaluation, under a single Development Commissioner;
- Further deconcentration to field offices;
- Focusing of Member State supervision on strategic issues and reporting;
- Budgetisation of the EDF, partly in order to empower the EP;
- An EP focus on strategy, reporting, and better mechanisms for political accountability, avoiding micro-management through budget lines.

#### Negative:

- Increased sidelining of development issues by the GAERC;
- Development cooperation becoming subject to regionally defined responsibilities of junior commissioners in an enlarged Commission;
- Member States forcing their respective special relationships into programming;
- EC assistance programmes lacking a focus on genuine development concerns, such as poverty reduction;
- The possibility of the EDF continuing to exist outside the budget framework and becoming increasingly marginalised.

### The current institutional setting

From a development perspective, the key bodies in the European Union are (a) the Council of Ministers, (b) the European Parliament and (c) the Commission. Their respective powers have changed over time, however, and will change further during the current reform process, not least in connection with the proposed Constitution. There have been and will be significant consequences for the development aspects of the Union's work.

### The Council of Ministers

The Council of Ministers (of Member States) provides political direction: all European laws (regulations) on international development need the assent of at least a qualified majority in the Council of Ministers. In the past, EU development ministers met on average twice a year. In March 2002, however, the informal Development Council was abolished by the Heads of State and Government, who argued for improved coherence in external policies.

Each assistance programme (the EDF, MEDA, TACIS etc.) involves representatives of Member States in a committee structure, in the same way as do some thematic engagements (such as the promotion of democracy and human rights).

Before 1993, cooperation and trade arrangements with other regions did not fall under the heading of 'development cooperation', as the EC did not have a legal mandate for this policy area. Aid was not given as development assistance but rather in connection to trade, or as *ad hoc* food aid. Since the Maastricht treaty, the European Community has had a mandate to 'complement' Member States' policies in all aspects of international development.

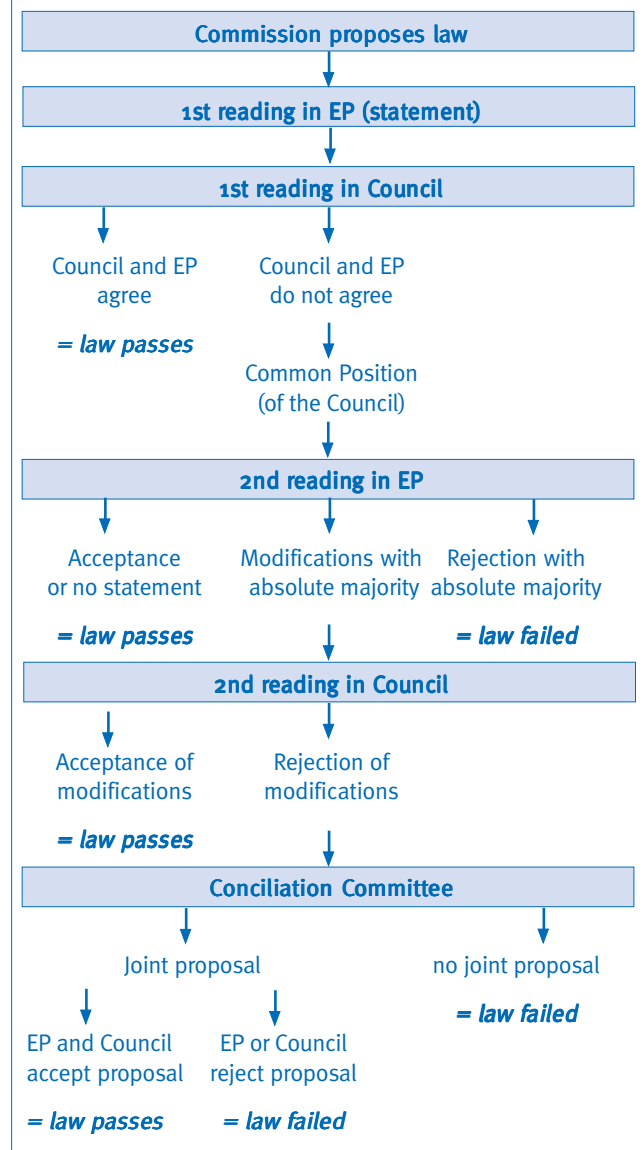
Diplomacy and security policy, however, are organised into an intergovernmental 'pillar' separate from the supranational Community institutions – the Common Foreign and Security Policy (CFSP). The CFSP is not subject to EP scrutiny.

The proposed position of EU Foreign Minister will only be effective after a successful treaty change (i.e. the adoption of the Constitution), which will require referenda in several Member States and hence take time. The European Foreign Minister will be linked both to the Commission (as its vice president) and to the Member States (via the Council); this will give the position additional weight.

### The European Parliament

EP approval is necessary for the overall annual budget – with the often criticised exception of agricultural spending and the European Development Fund. Overall budgetary expenditure is capped by the multi-annual Financial Perspectives, next due to be set in 2005 for the period 2007–13. Within this framework, annual budgets are proposed by the Commission and have to be approved by the Council and the EP. Development policy is agreed upon under the heading 'external actions'. Parliamentary scrutiny can lead to the altering of sums for specific programmes within this framework, say for the promotion of democracy and human rights, or by shifting money within the Asia-Latin America programme. However, the EP cannot increase the overall amount spent on external

**Box 1: Diagram on decision-making in the EU (Art. 251, co-decision procedure (simplified))**



actions, as it cannot raise revenue. The EP is also responsible for the discharge of the Commission at the end of the financial year (Art. 276 TEC). It can force the Commission to take measures for the improvement of the budgetary system and report to Parliament on their implementation. It was ultimately the EP's intervention over budget auditing that brought down the Santer Commission in 1999 and that triggered the reform of external assistance.

The EP has gained additional influence in policy-making through the co-decision procedure introduced in 1993, which enables the EP to prevent European laws from coming into force (see Box 1). Development decisions are subject to this procedure; all regional and thematic activities are based on specific regulations, which need EP approval. The EP has made important thematic input into relations with third countries, although this has not always been easy to reconcile into one consistent approach. For instance, the EP has been promoting human rights policy in external actions; on the other hand, traditionally it has emphasised the partnership character of the relationship with developing countries. The two sets of principles could come into conflict (see EDC Briefing

## Box 2: European Commission portfolios in external relations

<b>Delors I Commission</b> (1985–89)	<ul style="list-style-type: none"> <li>• External relations and trade policy</li> <li>• Mediterranean policy; north-south relations</li> <li>• Cooperation and development</li> </ul>
<b>Delors II Commission</b> (1989–93)	<ul style="list-style-type: none"> <li>• External relations; commercial policy; cooperation with other European countries</li> <li>• Cooperation and development</li> <li>• Mediterranean policy; relations with Latin America and Asia; north-south relations</li> </ul>
<b>Delors III Commission</b> (1993–95)	<ul style="list-style-type: none"> <li>• External economic affairs; commercial policy</li> <li>• External political relations; common foreign and security policy (CFSP); enlargement negotiations</li> <li>• Cooperation and development; European Community Humanitarian Aid Office (ECHO)</li> </ul>
<b>Santer Commission</b> (1995–99)	<ul style="list-style-type: none"> <li>• CFSP and human rights (task of the President, together with external relations' Commissioner)</li> <li>• External relations with North America, Australia, New Zealand, Japan, China, Korea, Hong Kong, Macao and Taiwan; common commercial policy; relations with OECD and WTO</li> <li>• External relations with the countries of Central and Eastern Europe, the former Soviet Union, Mongolia, Turkey, Cyprus, Malta and other European countries; CFSP; human rights; external missions</li> <li>• External relations with southern Mediterranean countries, the Middle East, Latin America and Asia (except those named in the two portfolios above), including development aid</li> <li>• External relations with African, Caribbean and Pacific (ACP) countries and South Africa, including development aid; trade issues under the Lomé Convention</li> <li>• ECHO (plus non-external relations responsibilities)</li> </ul>
<b>Prodi Commission</b> (1999–2004)	<ul style="list-style-type: none"> <li>• Enlargement</li> <li>• Trade</li> <li>• Development and humanitarian aid, including overall development policy and country planning for the ACP countries but not implementation, evaluation (EuropeAid)</li> <li>• External relations, including country planning for Asia and Latin America and supervision of EuropeAid</li> </ul>

*Political partnership with the South*). Moreover, some Parliamentarians pursue national foreign policy agendas when it comes to the distribution of funds.

### The Commission

The term 'Commission' is used to refer both to the College of Commissioners, appointed by Member States and led by the President (currently Romano Prodi), and also to the central administration of the EU. The Commission has the monopoly on the initiation of legislation, except in the CFSP and Justice and Home Affairs. It puts forward the EU budget and partly implements legislation, usually under the scrutiny of Member State administrations.

In the organisation of external relations, the EC has oscillated between geographical and thematic portfolios (see Box 2). During the Santer Commission (1995–99), portfolios were assigned following a geographical rationale. As many as six commissioners were responsible for external aspects, with inevitable boundary problems and disputes. The Prodi Commission changed this arrangement largely back to the functional logic, with four commissioners currently responsible for external relations. The Commissioners for External Relations, Development, External Trade, and Enlargement form the 'Relex' group (for *relations extérieures*), chaired by Chris Patten as *primus inter pares* (see Box 3).

In 2001, the EU Commission began a major reform of its external assistance. An implementation agency (EuropeAid) was created and placed under the ultimate responsibility of the Commissioner for External Affairs. The Commissioner for Development supervises implementation, as Chief Executive of EuropeAid. EuropeAid aims to identify, prepare, implement, monitor and evaluate EC projects and programmes; the Directorate General of

Development holds the overall planning capacity for international development policy. However, the External Affairs Commissioner retains responsibility for EU relations with developing countries in Asia and Latin America. Trade aspects of the EU-ACP partnership agreement have been integrated into DG Trade. Overall, about two-thirds of DG Development's staff have been posted to other Commission departments.

On the ground, EU relations with non-Member States are the responsibility of its delegations. Commission delegations in third countries manage geographical programmes (e.g. for ACP countries, the Mediterranean, the Balkans etc.), although thematic policies (i.e. human rights, food policy etc.) are still to follow (in 2004). Delegations are legally representatives of the Commission, not of the Union as a whole. However, they give logistical support to the High Representative of the CFSP and copy all reports to him. Although often regarded as 'EU embassies' pursuing a kind of 'diplomacy without a state', they do not currently have full diplomatic functions, nor do they have diplomatic training.

### Issues

#### *Is a development Council necessary?*

The General Affairs Council [of Foreign Ministers] has been reshaped as the General Affairs and External Relations Council (GAERC) and now holds biannual special sessions dedicated to development issues, with the participation of development secretaries and ministers. The development council did not meet more frequently, but it remains to be seen how the GAERC will fit development issues onto its very crowded agenda. Will poverty reduction and humanitarian issues be centre stage? What impact will strategic and security

### Box 3: Responsibilities for external relations in the Prodi Commission



**EuropeAid** (since January 2001)  
Implementation agency for all aid programmes

Chairman: Chris Patten  
Chief Executive: Poul Nielson  
Board Members: Pascal Lamy (Trade)  
Günter Verheugen (Enlargement)<sup>1</sup>  
Pedro Solbes Mira (Economic and Monetary Affairs)<sup>2</sup>

<sup>1</sup> Günter Verheugen is the Commissioner for EU enlargement. **DG Enlargement** was created in 1999 out of a *Special Task Force* of the Santer Commission. It administers the assistance programmes for applicant countries (PHARE). DG Enlargement is not integrated into this illustration.

<sup>2</sup> Pedro Solbes Mira is the **Commissioner for Economic and Monetary Affairs**. His portfolio also touches on external relations. He is responsible for relations to the international finance institutions as well as for the European Investment Bank (EIB).

questions have on the agenda? (See EDC Briefing *International development and foreign policy*).

#### How will development feature in an enlarged Commission?

After enlargement in May 2004, the College will be formed of 25 commissioners, with the organisation of their portfolios still at stake. The new Commission could anticipate the future institutional arrangement from November 2004, e.g. by organising the portfolio for the Commissioner for External Relations in accordance with provisions of the draft Constitution. Directorates-General could be merged, to be supervised by several commissioners. Given the increasing number of commissioners, the creation of 'clusters' or 'groups' is highly likely. A strategic decision will be whether to integrate development in regional responsibilities or to organise development cooperation as an autonomous advocate for international development at the level of the College of Commissioners.

#### Will budgetisation of the EDF improve the poverty focus?

Integration of the European Development Fund (EDF) into the budget ('budgetisation') will bring parliamentary scrutiny to the EDF. However, this could have implications for the beneficiaries of the EDF, in terms of focus and predictability, as well as for the amount of financial resources for the ACP countries. Not all EU Member States have yet taken a stance on budgetisation. More detailed information from the Commission is still to come, in

particular on safeguarding the amount dedicated to development and on provisions dealing with the quality of aid.

If agreed upon, the Commission estimates that budgetisation could start in 2007/08, after the ninth EDF has come to an end. Negotiations on the Financial Perspectives post-2006 would therefore have to consider the implications of the possible EDF budgetisation. Taking the EDF into the budget will require changes in the Cotonou Agreement and possibly in protocols in the EU Treaty. The Cotonou agreement is in force until 2020; the consent of all partners is needed. Some sort of 'ring-fencing' of development resources is being discussed, as are different options for separating development from other 'external actions' in the budget and/or the financial perspectives.

#### How can policy implementation be improved?

The draft Constitution provides for an integrated 'European External Action Service' under the auspices of the European Foreign Minister and comprising personnel from the Commission, the Council and from national diplomatic services. This is intended to improve both the coherence and legitimacy of European external action. It is not clear, however, how this will affect the chain of command among different policy areas. To enhance a common vision, the European Parliament has proposed a joint European diplomatic training institute for EC officials and diplomats from EU Member States.

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