EU development cooperation under the Cyprus Presidency:

How to make a difference?

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About this paper
The Republic of Cyprus holds the rotating EU Council Presidency in the second half of 2012. Against this background, this Briefing Note provides insights into the context and key challenges for EU development cooperation under the Cypriot Presidency. The note, produced at the request of the Cyprus NGO Support Centre, primarily targets Cypriot policy-makers, opinion-makers and civil society organisations. It provides them with a general overview of opportunities to engage on EU development cooperation in the context of the Cypriot Presidency. At the same time, it is a useful tool for informing others interested in the state of affairs of EU development cooperation in the second semester of 2012. The briefing note is based on a desk review and a select number of interviews with representatives of EU Member States, including the two most recent EU Presidencies of Poland and Denmark. The authors would like to thank the interviewees for sharing their valuable insights, while they take full responsibility of the content of this publication.

1. The EU in a context of crisis and global change

As the EU struggles with the economic and financial crisis and a wave of austerity unfolds across its Member States, the future is increasingly uncertain.

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Power balances are shifting, with countries such as Brazil, Russia, India, China and South Africa (the BRICS) increasing political and economic weight and the EU losing ground. This, coupled with the increasing global nature of development challenges, such as a climate change, peace and stability, food security and migration, means that new forms of international cooperation are required with the involvement of emerging and developing countries, leaving paternalistic donor – recipient relations behind. Furthermore, changing patterns of growth have changed the nature of poverty. The graduation of five populous countries to middle-income status (China, India, Indonesia, Nigeria and Pakistan), means that more poor people now live in middle- than in low-income countries (LICs). Poverty, can, therefore, no longer be considered as a problem only for poor countries. It will, increasingly, have to be seen through the lens of inequality and distributional challenges. Recent international events, in particular, the Arab spring, have sparked a fundamental rethink of EU approaches to democracy and human rights.

At the same time, ODA is becoming a smaller share of development financing, with increasing flows of other sources such as remittances, Foreign Direct Investment (FDI) and domestic resources. This leads to growing international recognition that aid alone, while still important for the poorest and most fragile countries, cannot address poverty; that more use should be made of aid to leverage other sources of development finance; and that greater attention should be focused on a broader policy-mix ‘beyond aid’ to promote international development (e.g. political dialogue, technology transfers, trade cooperation etc).

The EU has important tools at its disposal in the fight against poverty, which is a key objective of EU external action. The EU and its Member States jointly provide more than half of worldwide Official Development Assistance (ODA). This, in spite of a declining aid pot compared to the previous year (from €53.5bn in 2010 to €53.1bn in 2011) and the gap between the EU’s self-imposed 2010 ODA target of 0.56% of Gross National Income and the achieved 0.42% of GNI in 2011. Secondly, beyond aid, a broad range of policies decided at the EU level affect developing countries and their citizens, including areas such as trade, agriculture, fisheries and migration. Finally, jointly the EU Member States have considerable voting power in international development fora (e.g. the United Nations), more than when they act individually.

Nevertheless, despite the clear ambition reflected in the EU Treaties to collaborate at the European level on foreign affairs and the agreement by all Member States to “work for a high degree of cooperation in all fields of international relations”2, aspirations of securing the EU’s standing on the international stage, run the risk of being put on the back burner. Furthermore, although the institutional changes introduced by the Lisbon Treaty, including the position of High Representative of Foreign Affairs and Security Policy and the new EU diplomatic service, the European External Action Service (EEAS), were meant to further the influence of the EU as a global actor, the new foreign policy apparatus has, to date, not delivered on the high expectations for a more effective, coherent and credible EU foreign policy.3

2. What are the key challenges in EU development?

Major ongoing issues on the EU’s agenda in the second half of 2012 under the Cypriot Presidency are:
1. The rethink of EU development policy;
2. The negotiations on the EU’s budget, the Multi-Annual Financial Framework (MFF) 2014-2020 and the related financial instruments for EU external action;
3. Efforts to promote aid effectiveness and policy coherence for development.

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2 Article 3 of the Treaty of the European Union.
3 Van Seters and Klavert (2011)
2.1. How will the EU “modernise” development policy?

In May 2012, the EU Member States endorsed the European Commission’s (EC) proposals to ‘modernise’ the EU’s development policy. The ‘Agenda for Change’ builds on the European Consensus on Development agreed by EU Member States, the EC and the European Parliament in 2005.

The Agenda for Change aims to improve the effectiveness and impact of EU aid. It contains three important elements:

1. Greater focus of EU development aid on two overarching priorities: (1) the promotion of human rights, democracy, the rule of law and good governance; and (2) inclusive and sustainable growth;
2. The concept of differentiated development partnerships, with new allocation criteria for aid;
3. Joint work, in particular through joint development programming

2.1.1. The promotion of human rights, democracy, the rule of law and good governance

The first priority reflects the EU’s more value-driven agenda that is also enshrined in the Lisbon Treaty. It takes a more political approach to development. The intention is to use aid as a condition for reform. This incentive-based approach is captured in the “More for More” concept reflected in the EU’s revised European Neighbourhood Policy in response to the Arab Spring. It aims to encourage countries to undertake democratic reform in exchange for greater EU financial support, greater access to the European market and easier mobility for citizens. Conversely, in countries where reform stalls, the EU could substantially curtail these advantages. The challenge of implementation is huge, in particular with poor and often fragile states with weak institutions. Are rights absolute, or is it correct to look for concrete and targeted steps towards progressive realisation? Concretely, should aid be conditional on the democracy and the protection of rights? And what happens to the poor who depend on aid, if rights are threatened?

The litmus test for the EU will be to find smarter ways to support governance and democratic reforms, combined with greater realism and pragmatism. This would mean, amongst other things: investing more in understanding the local contexts and in connecting better with the actors and drivers of change; rethinking the mix of incentives, beyond aid, that could stimulate change; strengthening domestic accountability; making better use of the potential of local civil society to promote deep and sustainable democracy, partly supported through direct collaboration with EU civil society organisations; reconnecting democracy and development agendas, strengthening EU capacities and ensuring more flexibility of EU instruments; fostering better internal coherence of the EU in support of democracy; aligning with local democratisation initiatives.

2.1.2. Inclusive and sustainable growth

The focus on inclusive and sustainable growth is in line with the internationally prominent discourse that wealth creation and employment are critical to long-term poverty reduction, and which is also increasingly reflected in the bilateral development cooperation approaches of the EU member states. However, although important for poverty reduction, increasing levels of economic growth will not automatically deliver development. Concretely, the EU intends to pay particular attention to social protection, health and education, a stronger business environment and deeper regional integration, agriculture and energy. The Agenda for Change recognises that ‘development is not sustainable if it damages the environment,'
biodiversity and natural resources and increases the exposure/vulnerability to natural disasters’, and thus promotes a ‘green growth’. However, the green growth agenda is beset with public policy dilemmas. Tackling climate change and dealing with other environmental threats will require ‘radical transformation’.11

2.1.3. Differentiation

A key concept in the Agenda for Change is a more ‘differentiated’ approach to partnership. This implies that the EU focuses its resources on countries it deems most in need and where they can have the greatest development impact.12 The question of whether or not donors should continue to give aid to MICs is one of the most debated issues in development. Specifically, the aid allocation criteria laid out in Agenda for Change are: country need; capacity; country commitments and performance; and potential impact. Differentiation is also understood to imply the use of a mix of policy instruments beyond aid in the EU’s cooperation with partner countries.13

2.1.4. Joint work

The Agenda for Change encourages the EU and its member states to adopt a more coordinated approach. This includes the use of joint EU and member states’ response strategies for partner countries, specifying a sectoral division of labour and financial allocations per sector and donor. The EU also intends to step up cross-country division of labour and promote a common approach to results-based monitoring. However, the EU member states’ agreement on the Agenda for Change14 emanates a considerably lower level of coordination ambition than proposed by the EC.15 It does not refer to possible ‘single EU contracts’ for budget support suggested by the EC and limits joint programming starting in 2012 to a select number of partner countries only on a piloting basis. This reflects the long-standing difficulties in putting the principles of coordination and complementarity into practice, due to political considerations (e.g. visibility of individual EU member states) and technical issues (e.g. incompatible programming cycles of different member states and EU institutions), which remain challenges for delivery on this aspect of the agenda.

<table>
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<tr>
<th>Box 1: Cyprus and joint development assistance approaches</th>
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<tr>
<td>Cyprus does not have a national mechanism for implementation of development programmes and projects. It also lacks a policy and legal framework to work with its civil society organisations for the implementation of development assistance. Hence, Cyprus makes extensive use of ‘delegated cooperation’, implying that it delegates implementation of programmes and projects to other bilateral (EU and non-EU) donors and international organisations. This allows Cyprus to minimise transaction costs of operating on a small scale and ensure impact despite its limited capacity. Given its extensive experience with such close collaboration with other donors and implementing agencies, Cyprus is very well placed to participate in joint EU programming endeavours.</td>
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<td>Within these EU joint-programming frameworks, Cyprus could consider using other delivery channels rather than acting merely as a silent partner in delegated cooperation, like channeling funds through civil society organisations. This would allow Cyprus to exploit comparative advantages it may have (e.g. expertise in EU neighbourhood countries and small island states).</td>
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Over the next six months, under the leadership of the Cypriot Presidency, the EC will need to draw up implementation guidelines that will translate the Agenda for Change into practice. This will, among other initiatives, involve a number of EC Communications, including on supporting sustainable change in transition societies, on social protection and on civil society and local authorities, which will subsequently

11 Maxwell & Gavas (2012)  
12 Council of the European Union (2012a)  
13 Council of the European Union (2012a)  
14 Ibid.  
15 European Commission (2011c)
be discussed in the Council and the European Parliament. The European Development Days on 16-17 October 2012 in Brussels will be dedicated to the topic of inclusive and sustainable growth. The decisive negotiations, however, will be the next programming cycle for the EU’s financial instruments for the period 2014 – 2020.

2.2. What budget for EU external relations and development?

In the second half of 2012, the Cypriot Presidency is expected to make headway in the ongoing negotiations on the EU’s Multiannual Financial Framework (MFF) 2014 – 2020 and the related financial instruments for EU external action.

The EC’s MFF proposal published in June 2011\(^{16}\) reflects the ambition to step up spending on EU external action. Expenditure under the heading titled ‘Global Europe’ amounts to €70 billion in 2011 prices, which represents 6.8% of the total MFF as illustrated in Figure 1. This is an increase in real and relative terms as compared to 2007 – 2013 (€56 billion, representing 5.7% of the overall framework). Outside the budget, the EC proposes to allocate €30 billion to support the African, Caribbean and Pacific (ACP) group of states through a separate fund, the so-called 11\(^{th}\) intergovernmental European Development Fund (compared to €22.99 billion under the 10\(^{th}\) EDF for the period 2008 – 2013). All in all, the EC shows an ambition to step up spending on EU external action in general, and development cooperation in particular.

Figure 1: EC proposal for the structure of the EU’s Multiannual Financial Framework 2014-2020 (in percentages)

It remains to be seen if the EC’s ambitions will survive the negotiation process between EU member states and the European Parliament. Some EU member states stress the need for overall EU spending to be curtailed in line with austerity measures at national level. Others oppose the EC’s proposal to ensure that a

\(^{16}\) European Commission (2011a)
minimum of 15% of the collective EU ODA effort is channelled through the EU budget and the EDF under the future framework.17

In terms of the instruments proposed within Heading 4, the EC has proposed a similar structure to what is now in place. Most instruments also exist under the current MFF, like the instruments for Development Cooperation; European Neighbourhood; Stability; Democracy and Human Rights; and Humanitarian Aid. A novelty is the budget line for the European Voluntary Humanitarian Aid Corps, to be set up in the coming years as envisaged in the Lisbon Treaty, as well as a new ‘Partnership Instrument’ that replaces the current Instrument for Industrialised Countries.

**Figure 2: Proposed instruments for EU external action 2014-2020**

2.2.1. **Development Cooperation Instrument**

The Development Cooperation Instrument (DCI) is the largest instrument under the EC’s proposed Heading 4 (29.4% of Heading 4). The EC has proposed a 19% increase in the Development Cooperation Instrument (DCI) in real terms, from €17.25bn for the period 2007-2013 to €20.6bn for the period 2014-2020 (in 2011 prices). As in the current MFF, the proposed ratio is around 40% for thematic programmes and around 60% for geographic programmes (Latin America, Asia, Central Asia, the Middle East and South Africa). Also carried over from the current DCI is the proposal to give geographic programmes 100% eligibility for ODA, with 10% flexibility for the thematic programmes to cover non-ODA expenditure. Five current thematic programmes (Non-State Actors, Food Security, Investing in People, Environment, Asylum and Migration) all feature in the proposals for the new DCI, with some modifications, mostly in name and grouping. With the exception of Non-State Actors, all are now grouped under the thematic programme for Global Public Goods and Challenges. The EC has proposed two benchmarks for that programme: 50% of

17 Council of the European Union (2011a)
the funds allocated to the programme must go to climate change and environmental objectives; and 20% of funding must go to social inclusion and human development. Non-State Actors are covered in a stand-alone programme for Civil Society Organisations and Local Authorities, and a new pan-African programme has been created to support the strategic partnership between the EU and Africa.\textsuperscript{18} There are three important innovations with the new Instrument:

- Simplification of the programming process. Country strategy papers will be superseded by national development plans where possible. Programming will consist of national, regional and thematic multi-annual indicative programmes. Furthermore, the Commission proposes a set of common rules and procedures for the implementation of the DCI and other instruments for EU external action, to avoid differences between instruments as currently exist.
- Flexibility to respond to evolving situations in partner countries. The EC proposes to leave some funds unallocated, to be used as a response to unforeseen events. Furthermore, the cooperation priorities for each geographic and thematic programme will be placed in the annexes of the regulation, together with the lists of countries eligible for the different programmes. The EC proposes for all annexes to be subject to reviews and possible amendments throughout the course of the MFF through ‘delegated acts’. This means that the EC will have to request the consent of the member states and the European Parliament before implementing any changes. Crucially, however, there will be no legislative process.\textsuperscript{19}
- Differentiated development partnerships in line with the Agenda for Change, with more advanced countries no longer eligible to receive aid. The EC proposes to exclude all countries that represent more than 1% of the world’s GDP or are upper-middle-income countries according to the OECD Development Assistance Committee, from receiving bilateral aid through country programmes.\textsuperscript{20} As a result, the EC will ‘save’ around €3 billion. The countries that will graduate from bilateral aid will continue to be eligible for aid under regional programmes such as the investment facilities, or trade related cooperation under the thematic programmes and instruments and the Partnership Instrument. This proposal has led to considerable tense debates in the Council in the first half of 2012 and by the end of term of the Danish Presidency, still no agreement had been reached on the precise definition of which countries should graduate from EU bilateral grant assistance.\textsuperscript{21}

2.2.2. European Neighbourhood Instrument

The proposed European Neighbourhood Instrument (ENI) is the second largest instrument under the EC’s proposed Heading 4 (23%) and covers 16 partners to the East and South of the EU’s borders.\textsuperscript{22} This implies a 23% increase in real terms, from €13.07bn for the period 2007-2013 to €16.1bn for the period 2014-2020 (in 2011 prices). Given that the EU neighbourhood is one of the policy priorities driving the overall budget proposal, it should not come as a surprise that the ENI covers a larger part of Heading 4 than its predecessor (the ENPI) in the current period.

\textsuperscript{18} Gavas (2012)
\textsuperscript{19} It should be noted that by the end of term of the Danish Presidency, there was no majority of EU member states in the Council to back the Commission’s proposal to make more extensive use of delegated acts. See Council of the European Union (2012b)
\textsuperscript{20} The EC’s proposal means that, as of 1 January 2014, 19 countries will no longer be eligible for EC bilateral aid. The countries affected are: Argentina, Brazil, Chile, China, Colombia, Costa Rica, Ecuador, Kazakhstan, India, Indonesia, Iran, Malaysia, Maldives, Mexico, Panama, Peru, Thailand, Venezuela and Uruguay.
\textsuperscript{21} The General Partial Approach agreed in the Council excludes in principle countries that are upper middle income countries or have a GDP greater than 1% of global GDP from bilateral aid in line with the EC’s proposal, but creates space for ‘exceptional cases’, including in view of phasing out development grant aid. See: Council of the European Union (2012b)
\textsuperscript{22} The countries proposed to be covered by the ENPI are Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine.
The instrument funds the European Neighbourhood Policy, for which a new vision was outlined in 2011, which emphasised the earlier mentioned ‘more funds for more reform’ approach. In contrast to the DCI, all neighbouring countries will continue to be eligible for bilateral cooperation, but its form and amount will reflect the level of ambition of the country’s partnership with the EU, its progress in building deep and sustainable democracy, its progress in implementing agreed reform objectives, the country’s needs and capacities, and the potential impact of EU support. Support will include increased funding for social and economic development, larger programmes for institution-building, greater market access. Increased EIB financing in support of investments and greater facilitation of mobility visa facilitation and migration management). The ODA share of the ENI envelope is not specified, but if the new instrument will resemble its predecessor, then over 90% of the total amount will fulfil ODA criteria.

Key challenges in the finalisation and implementation of the instruments include: (i) finding appropriate ways to apply the ‘more for more’ principle; (ii) narrowing the scope of the instrument to address the dispersed approach of its predecessor that covers 29 thematic areas; and (iii) strengthening synergies and complementarity with other internal and external EU policies and instruments. The Cypriot Government, in collaboration with civil society, is well placed to add particular value to the discussions on this instrument, given its geographical proximity and the fact that the region is a large recipient of Cypriot bilateral development assistance.

### 2.2.3. European Development Fund

The proposed 11th European Development Fund covers funding for the ACP, (€30bn, 2011 prices) and the Overseas Countries and Territories (€0.3bn, 2011 prices) and should contribute to the achievement of the objectives of the ACP-EU Cotonou Partnership Agreement. Under the EC’s December proposal for the 11th EDF, it is proposed that Cyprus contributes €39,740,000 (in current prices), or 0.12% of the total amount. The EC’s proposal to keep development funding for the ACP and OCT outside the budget is a deviation from its recommendations in previous budget negotiations, when it continuously argued for EDF ‘budgetisation’ for ACP countries. This can be explained primarily by the concern that inclusion in the budget may lead to reduced resources for ACP countries, and development cooperation at large, in these times when the EU budget is under pressure. At the same time, the EC proposes strengthening parliamentary scrutiny, which is absent under the 10th EDF and is something the European Parliament has called for repeatedly over the years. The EC also proposes to bring the EDF contribution key closer to the key used for the EU budget, which implies an increase in the relative contribution of EU-12 countries. The increase as compared to the 10th EDF for EU-12 countries is in the range between 28% (Hungary) and 108% (Slovakia). For Cyprus, it implies a 38% increase.

Some Member States have expressed their preference for integrating the EDF into the EU budget (‘budgetising’ the EDF), to enhance transparency, control and unity of EU spending. Other Member States oppose budgetisation, particularly those for whom it would entail an increase in their share of EU funding for the ACP. This leads to the paradoxical situation where several EU-12 countries which are sceptical about the special ACP status, nevertheless argue against budgetisation. Inevitably, however, the final outcome on funding for the ACP is likely to be influenced by negotiations on other aspects of the MFF.

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23 European Commission (2011d) and Council of the European Union (2011b)
25 European Commission (2011a)
26 Member states calling for EDF budgetisation include Finland, France, Germany, Italy, the Netherlands, Sweden and the United Kingdom. See: Council of the European Union (2011a)
2.2.4. The negotiation process

Currently, negotiations on the overall framework and on the financial instruments for external action are running in parallel. Negotiating parties aim to reach agreement on the framework by the end of 2012, while the negotiations on the instruments are due to be concluded in 2013.

Considerable progress has been made under the Danish Presidency in negotiations on both the framework and the instruments. The Danish Presidency has developed an evolving and non-binding ‘negotiation toolbox’ to present the state-of-play of the negotiations on the framework, leading the Council to adopt a ‘partial general approach’ on a package of eight EU financial instruments for external action. This implies that EU member states have signed off on many provisions related to the framework and instruments’ objectives, structure and content.

Thus, when Cyprus takes over the Presidency, the negotiations will already be at quite an advanced stage. Moving this process further will nevertheless remain a challenging task, as difficult negotiations on the amounts and other outstanding issues will follow in the second half of 2012 (e.g. how to translate the differentiation principle into country allocations under the DCI; how to integrate the more for more principle in country allocations under the ENI). Furthermore, the Presidency will have to enter into informal discussions with the European Parliament, which now has increased power in the budgetary process as a result of the Lisbon Treaty.27

2.3. How does Busan influence the EU aid and development agenda?

The EU and its member states have committed to strengthening aid effectiveness in recent years by adhering to international declarations (Paris - 2005, Accra - 2008, Busan - 2011). They have also adopted specific statements and tools at EU level, like a Code of Conduct on Complementarity and Division of Labour in Development Policy (2007) and an Operational Framework on Aid Effectiveness (2009).

Core principles at the heart of the latest High-Level Forum on Aid Effectiveness in Busan were ownership; focus on results; inclusive partnerships; transparency and mutual accountability. Reducing fragmentation was also identified as a priority.28 The programming process of the post-2013 financial instruments for EU development cooperation (Figure 3), which was launched in partner countries and regions covered by the DCI and the EDF in the first half of 2012, provide an occasion for the EU to apply these principles.

Figure 3: Five steps of the EU planning cycle

27 The overall MFF framework is adopted by the Council by unanimity after having obtained the consent of the European Parliament. This means that the European Parliament may approve or reject the Council’s position, but not adopt amendments. The legislative regulations for the financial instruments for external action under the EU budget are subject to the ordinary legislative procedure (co-decision). This means that the Council (by qualified majority) and the European Parliament decide together.

28 Busan Partnership for Effective Development Cooperation (2011)
Figures 4 outlines the timeline for the programming process and the decision-making process on the instruments. In the first half of 2012, EU Delegations in partner countries, in consultation with their local counterparts, assessed national/regional development plan and drafted a proposal for an EU response to it. On the basis of headquarters’ feedback on their proposals, EU Delegations are expected in the second half of 2012 to draft National/Regional Indicative Programmes (NIPs/RIPs), which set out indicative amounts per sector for a maximum of 3 sectors. This is to be followed in 2013 by the identification and formulation of concrete interventions (programmes and projects).29

Table 1: The EU development programming process

<table>
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<th>Date</th>
<th>Country-Level Programming</th>
<th>Discussions on legal instruments</th>
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<tr>
<td>Before end September 2012</td>
<td>Analysis of national development plans and decision on country priorities, in consultation with civil society</td>
<td>European Parliament and Member States formulate their positions on the DCI</td>
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<tr>
<td>Between December 2012 and February 2013</td>
<td>Preparation of the first draft of the multi-annual indicative programme (MIP), indicating sectors, short sector analysis, justification, objectives, expected results, indicators, financial allocations</td>
<td>Negotiations between the European Parliament and Member States to consolidate their positions on the DCI</td>
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<tr>
<td>March to June 2013</td>
<td>Finalisation of MIPs, including consultations with the Government, EU Member States, European Investment bank and other donors</td>
<td>Approval of the Multiannual Financial Framework, including financing and the DCI as well as the MIPs</td>
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<tr>
<td>End 2013</td>
<td>Formulation of projects and programmes</td>
<td></td>
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<tr>
<td>1 January 2014</td>
<td>Implementation of new programmes</td>
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</tbody>
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Driven by the objective of more country ownership agreed in Busan, EU Delegations are required in this process to take partner countries’ national/regional development plan – or equivalent documents – as the basis for programming. EU specific Country/Regional Strategy Papers (CSPs/RSPs) will therefore become an exception, only to be used if national/regional plans provide an insufficient basis for programming or if a partner country/region calls for it. In the same vein, the programming period shall become, in principle, synchronised with partner country strategy cycles.

To reduce fragmentation in line with Busan and the EU's “Agenda for Change”, the EC also promotes joint programming in this process, initially in a limited number of pilot countries.30 Potential pilot countries include Afghanistan, Bangladesh, Ethiopia, Ghana, Laos, Mali, Moldova, Rwanda, Tunisia and Ukraine.31 Concretely, the EC seeks to coordinate the elaboration of joint EU programming documents determining the division of labour across and within sectors, and which are open to non-EU donors interested in joining the exercise. Such increased coordination and cooperation can be of particular interest for EU member states operating on a small scale, such as Cyprus, to tackle capacity constrains and increase impact. However, as described in Section 2.1, it could also affect small and large donors alike, who are concerned with identity and visibility, which explains the hesitation of some EU member states to engage in joint programming.

Busan not only focused on aid effectiveness, it also broadened the agenda with agreement to strive for ‘development effectiveness'. This brings other sources of development funding than aid into the picture and concerns more actors who do not affiliate with the aid effectiveness agenda, such as emerging economies’ governments and the private sector. Policy coherence for development also fits in this context (see below). A similar shift is expected for the post-2015 agenda, when the target year of the Millennium Development

29 Gortz & Keijzer (2012)
30 ECDPM presentation for the EU Practitioners Network Workshop on Busan Partnership and Agenda for Change, March 20 2012.
31 Gortz & Keijzer (2012)
Goals (MDGs) has passed. In 2013, a UN special event on the MDGs will discuss the international development agenda beyond 2015. To inform the preparations of a strong EU contribution to the post-2015 process, the EC has launched a public consultation on this topic that runs from 15 June to 15 September 2012, which will be followed by an EC Communication in late 2012 or early 2013. Hence, the post-2015 development agenda will require the Presidency’s attention, for example to prepare a political orientation debate on the topic at the October Foreign Affairs Council with Development Ministers, to ensure preparations go beyond the technical level. This will be crucial if the EU is to be a key actor in this process.

2.4. How to move forward in the debate on Policy Coherence for Development?

Although poverty and inequality were confirmed in Busan as remaining at the core of the challenge of global development, the meeting’s outcome document acknowledges that “(...) it is essential to examine the interdependence and coherence of all public policies.” Building on existing international declarations, this reflects general consensus that development aid will never bring development on its own, and that other policies should make positive contributions to global development.

Although the effects of EU policies on developing countries have been subject to (at times heated) debate for several decades, since 2005 the efforts to reduce incoherencies and promote synergies between EU policies for the benefit of development are referred to as promoting ‘Policy Coherence for Development (PCD)’. The Treaty for European Union, which entered into force in December 2009, states that the Union “(...) shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries (Art. 208).”

The wider agenda and challenge to strengthen the development-friendliness of public policies is a highly challenging one, primarily in a political sense but also technically, and is thus prone to unrealistic expectations. This, together with the underinvestment in researching the effects of EU and other countries’ policies on developing countries, also complicates efforts to make these expectations explicit and concrete.

Compared to other recent EU presidencies, considerable attention was given to PCD by the Danish Presidency, both in general and in the context of concrete policy initiatives. This can, in part, be explained by a strong push from Danish civil society on this topic, for example through a targeted publication by Concord Denmark and regular consultations with the Danish Presidency. A reading of the European and international agenda for the second half of 2012 suggests that the Cypriot Presidency and Cypriot NGOs can collaborate with their counterparts in Europe and developing countries to further advance development effectiveness in the following areas (in order of importance):

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32 Busan Partnership for Effective Development Cooperation (2011)
33 E.g. the UN Millennium Declaration, the 2002 Monterrey Consensus and the 2010 UN MDG Review Outcome Document.
34 Council of the European Union (2005)
35 Concord Denmark (2012)
Inside Europe

- On the 14th of May, EU Ministers for Development Cooperation endorsed a political statement that further deepens and increases the ambition of the European Commission’s proposals for improving PCD. The statement “(…) notes the need for a more evidence-based approach and for improving coordination mechanisms and implementation within the EU institutions and the Member States. Cypriot NGOs in collaboration with their partners - in and outside Europe - can push for these discussions to intensify and for research to be funded on the impacts of incoherent policies.
- Since the second half of 2011, discussions on the contents and financing of a post-2015 international policy framework on development (either replacing, revising or refreshing the MDGs) have intensified. As indicated above, the EC has launched a public consultation that should prepare policy proposals for further discussion inside the EU, in preparation of the 2013 UN MDG review.
- Collaboration with CONCORD and other representative civil society organisations in Brussels could be enhanced by Cypriot NGOs to focus attention on development concerns in key EU policies that are being reformed. Key processes include reform of the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP), as well as the Transparency Directive that concerns efforts to improve openness on EU companies’ investments in developing countries. For each of these ‘dossiers’, legislative texts are discussed and amended, but each present different challenges: e.g. reluctance to acknowledge the external dimension of the CAP, difficulty to regulate and monitor the activities of EU fishing vessels in developing countries if they do not fish under Fisheries Partnership Agreements (and even when they do…), and reluctance of the EU to be a first mover in making value chains more transparent.

Global level

- Push for operationalising indicators to promote inclusive and sustainable growth after Rio+20
- Push for EU to debate OECD strategy on PCD and discuss more concretely how the OECD may help further the EU’s PCD agenda
- Establish the Global Partnership on Effective Development Cooperation as a place for future discussions on aid effectiveness

At the global level there are at least three key areas that will need serious follow-up during the Cypriot Presidency:
- Firstly, the EU can push debates further on operationalising indicators to promote inclusive and sustainable growth after Rio+20 in international fora that take place during the Cypriot Presidency. Even if the outcomes of Rio+20 have been heavily criticised, these debates will have to continue in the preparation for a post-2015 framework on development.
- Secondly, the OECD has played a particularly important role in informing European and international discussions on PCD. The OECD secretariat is currently preparing a strategy on development that describes how OECD members can “(…) contribute to a future in which no country will have to be dependent on development assistance” across its full range of policies.

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36 Council of the European Union (2012c)
Cypriot NGOs have a role in influencing the EU to debate this strategy internally and discuss more concretely how the OECD may help in furthering the EU's own agenda in this matter. - Thirdly, OECD discussions are continuing on the set-up of the future ‘Global Partnership on Effective Development Cooperation’ that should become the forum for future international discussions on promoting development effectiveness. However, the draft mandate of this new representative grouping that should bring together both developed and developing countries alike, does not include a possible role beyond Official Development Assistance.\(^{37}\)

The temptation can be to point to a lack of progress at international levels to move this agenda forward, but the 14\(^{th}\) May Council Conclusions points out that “PCD is essential for the credibility of the EU as a global actor, and hence, a strong EU leadership on PCD issues at high levels of all parts of the EU and in Member States is important.” Such leadership and indeed clear results are necessary preconditions for any attempt to move this agenda further internationally, and thus it is beyond doubt that the EU needs to be a first mover on PCD.

3. What role for the Cyprus Presidency in EU development cooperation?

3.1. The changing role of the rotating EU Presidency post-Lisbon

Prior to the Lisbon Treaty, the EU’s 27 member states took turns to chair the European Council and the Council of the EU for a period of 6 months each. This has changed with the entry into force of the Lisbon Treaty in December 2010.

The rotating Presidency no longer chairs the European Council, which brings together Heads of State and Government to define general political directions and priorities for the EU. A President elected by the Heads of State and Government for a period of 2.5 years, renewable once, now heads this institution.

A role remains for the rotating Presidency in the Council of the European Union, which brings together Ministers of EU member states in 10 different configurations, together covering the whole range of EU policy areas. However, in the foreign affairs configuration, the role of the rotating Presidency has been reduced considerably. While all other configurations after the Lisbon Treaty continue to be chaired by the rotating Presidency, the Foreign Affairs Council is now chaired by the High Representative for Foreign Affairs and Security Policy.

All the work of the Council, in its 10 configurations, is prepared and coordinated by the Permanent Representatives Committee (COREPER), made up of the permanent representatives of the member states in Brussels, which continues to be chaired by the rotating Presidency. The work of COREPER is prepared by more than 150 committees and working groups composed of delegates from the member states and the European Institutions. In the area of development cooperation, the Working Group on Development Cooperation (CODEV) is key. This working group is still chaired by the rotating Presidency and the same goes for the Working Groups on ACP countries and on Humanitarian and Food Aid. EEAS officials on the other hand, on behalf of the High Representative, preside over geographic working groups covering the EUs’ relations with specific regions (e.g. Africa, Eastern Europe and Central Asia, the Balkan, Latin

\(^{37}\) OECD (2012)
America etc.) and on a number of horizontal issues (e.g. United Nations, Human Rights). In total 16 committees and working groups in the foreign affairs fields have an EEAS official at its head.\textsuperscript{38}

As regards the EU’s external representation, the rotating Presidency no longer represents the EU in third countries, a responsibility taken over by the EU Delegations. In international organisations, the rotating Presidency has kept a representative and coordinating role in some cases, in others not. This varies, due to the fact that the status of the EU is different across organisations. For example, in some cases the EU is recognised as a member (e.g. Food and Agriculture Organisation, World Trade Organisation), acts as an observer (e.g. International Labour Organisation, United Nations Development Programme) or it has no official status as a regional grouping (e.g. World Bank). This variation is due to the fact that all UN organs, programmes, funds and specialised agencies have their own rules of procedures and that the EU has different areas of competence as defined by the Treaty. This ‘patchwork’ of EU representation has led to some confusion, within the EU as well as among its international counterparts, and requires from the rotating EU Presidency a deep knowledge of the mandate and way of operating of the various institutions as well as flexibility and mediation skills.

During their Presidencies, the EU member states assuming this role, have a broad range of EU policy initiatives to deal with in the area of foreign relations and beyond. The agenda of the rotating Presidencies and their priorities during their 6-months Presidency period are primarily shaped at three levels:

1. **The on-going EU and international agenda**
   Much of the Presidency’s work is determined by developments in the EU and beyond. These themselves partly flow from initiatives of the EC, the European Parliament the EEAS, previous Council Presidencies etc. For the Cypriot Presidency, this includes the negotiations on the Multi-Annual Financial Framework and related instruments for external action as described above;

2. **The 18-month Presidency Trio programme**
   Trio programmes are defined by 3 consecutive Presidencies in the interest of continuity. The current trio consists of Poland (July-Dec 2011), Denmark (Jan-June 2012) and Cyprus (July-Dec 2012). Key priorities of this trio include reinforcement of the EU’s role at the international level and the (implementation of the) EU’s neighbourhood policy.\textsuperscript{39} While the trio structure officially is not rolling in nature, Denmark has tried to involve Ireland informally (Jan-June 2013). Cyprus could do the same by liaising with Lithuania (July-Dec 2013);

3. **The 6-month Presidency programme**
   Each individual Presidency also defines a programme, which clarifies specific Presidency priorities. The programme of the Cyprus Presidency reveals that one of the four Presidency priorities is “Europe in the world, closer to its neighbours”.\textsuperscript{40} Within that priority area of international cooperation, strong emphasis will be put on supporting EU efforts in the area of food security and improved nutrition. Cyprus particularly seeks to promote integrated approaches to prevent recurring food crises such as in the Horn of Africa and the Sahel. In that spirit, and following the example of the Danish Presidency, Cyprus has announced a financial contribution to the EU’s recently launch initiative “Strengthening Resilience to Food Crisis in the Horn of Africa” (SHARE) that combines short-term humanitarian response with long-term support for resilience to future droughts. Other key issues presented in the Presidency Programme that Cyprus aims to take forward are:

\textsuperscript{38} Council of the European Union (2012d)
\textsuperscript{39} Council of the European Union (2011c)
\textsuperscript{40} Cyprus Government (2012)
- Move forward the negotiations on the Multi-annual Financial Framework and the instruments for external action
- Strengthening support to sustainable change in transition countries, in particular those undergoing major economic, social and political reforms in the neighbourhood and other developing countries;
- Deepening engagement with civil society;
- Strengthening EU assistance to social protection policies and systems in partner countries;
- Financing for development and the global post-2015 framework;
- EU Humanitarian aid, particularly the establishment of the European Voluntary Humanitarian Aid Corps, the revision of the Instrument for Humanitarian Aid, as well as efforts to further strengthen the link between Relief, Rehabilitation and Development.

3.2. What lessons can Cyprus learn from recent EU Presidencies?

Cyprus is up for its first experience as Presidency of the Council. It therefore could be useful to draw lessons from other EU member states’ experiences. Information is primarily based on the recent Polish (second semester 2011) and Danish (first semester 2012) Presidencies.

While rotating Presidencies are still trying to find their feet in the new post-Lisbon setting, four types of services usefully provided by the Presidency in the area of foreign affairs and development cooperation can be distinguished.

1. Coordination
The Presidency serves a coordination function, primarily by sharing information between Council committees and working groups and liaising with key actors in EU foreign policy processes, such as the EC, the EEAS and the European Parliament. Particularly close coordination between the EEAS and the rotating Presidencies is needed to ensure that working groups that continue to be chaired by the Presidencies (e.g. CODEV and ACP Group) feed into the Foreign Affairs Council. This has proved to be a challenging task. Interacting with the European Parliament has also become more important, given the increased role of the European Parliament under Lisbon.

2. Facilitation
Beyond acting as a mere coordinator, the Presidency is expected by other member states to facilitate and speed up decision-making in the Council working groups it chairs and the subsequent steps of the EU decision-making process. The Presidency can do so by effectively moderating the working group discussions and, when appropriate, coming up with creative compromise proposals that are likely to receive broad support. Informal meetings at different levels to facilitate frank and fruitful discussions have also proved to be a useful tool. The Cypriot Presidency will not organise an informal development ministerial meeting, but informal meetings at working group level (e.g. CODEV, ACP) are still an option.
3. Representation
Experience has shown that the rotating Presidency is regularly asked to represent the EU, when the High Representative of Foreign Affairs and Security Policy is unavailable. Recent examples of events where the Development Minister of the Presidency has replaced the High Representative include summits with third countries, joint ACP-EU Parliamentary Assembly meetings and exchanges with the European Parliament. Particularly on development matters, this happens frequently, arguably because the High Representative has other external action priorities. Occasionally differences of views emerge as to whether the High Representative should be replaced by the Presidency or her administration (the EEAS). There is general agreement that she should be replaced by the Presidency when she acts in her capacity as chair of the Foreign Affairs Council, but in some cases, there is room for interpretation.

4. Agenda setting and influencing
Finally, the Presidency can shape the EU foreign affairs and development cooperation agenda, albeit to a limited extent only. As seen above, the agenda is mainly determined by (foreseen and unforeseen) events as well as initiatives of previous Presidencies, the EC, the EEAS and other EU institutions. The High Representative particularly has a strong influence, as chair of the Foreign Affairs Council. Nevertheless, previous Presidencies confirm that there is some space to exert influence. This can be done, amongst other things, by holding the pen of draft Council Conclusions for discussion in Council working groups chaired by the Presidency. Other tools used by previous Presidencies include the organisation of informal seminars and exhibitions (e.g. in the European Parliament) on priority topics.

3.3. What benefits and risks for Cyprus as EU President?
Six months is a very short time to realise impact. However, if well managed an EU Presidency provides several opportunities to:

- **Contribute to the country’s visibility and reputation at EU level.** This may be particularly relevant for the EU-12 countries, including Cyprus, which often lack visibility, particularly on development issues.

- **Increase the country’s influence on the EU development cooperation agenda.** While space is limited as noted above, the Presidency is an occasion for Cyprus to inform EU policies, particularly in priority areas and/or where it can be considered to have a comparative advantage (e.g. EU support to small island states).

- **Raise awareness on EU and development cooperation matters at home.** As a country that only joined the EU in 2004 and started its development cooperation programme in 2005, it can particularly benefit from the Presidency’s work on EU development cooperation.

At the same time, holding the rotating Presidency comes with risks. Important risks that the rotating Presidency should be aware of and take into account are the following:

- **Capacity constraints to deal with the complex EU institutional post-Lisbon set-up.** Quite a number of institutions and services have an important role to play in EU development policy-making and implementation, including the 27 member states, the European Parliament with increased powers, the EC, the High Representative and the EEAS. This will require from the Presidency the mobilisation of a considerable amount of Cypriot and other capacities to follow official procedures and to establish and use informal contacts smartly to ensure smooth collaboration.
• **Unforeseen events disturb the Presidency Programme.** Full delivery of a Presidency programme may be endangered by new and unforeseen events that require urgent attention. In the second half of 2012, this could possibly include unexpected events related to the euro-crisis. For the Presidency, this implies that flexibility is required to adapt to changing circumstances.

4. Development opportunities for the Cyprus Presidency

This paper has demonstrated that there is a strong rationale and ambition for EU development cooperation in a Post-Lisbon context. Cyprus has a unique opportunity to make a meaningful contribution to this area when it holds the Presidency of the Council of the European Union.

While in a post-Lisbon setting, the Presidencies no longer chair the Foreign Affairs Council, Cyprus can still play a useful role in advancing the EU development cooperation agenda, to the benefit of the EU and Cyprus alike. The Presidency can serve EU development cooperation by playing a coordinating role, by facilitating smooth decision-making in the working group it chairs (e.g. DEVCO, ACP), by representing the EU when replacing the High Representative and, finally, by informing the EU development cooperation agenda. At the same time, it is an opportunity for Cyprus to increase its visibility and influence on EU development cooperation and raise awareness in this area nationally.

There is a range of tools the Presidency can use for these purposes, including effectively preparing and moderating discussions of the Council working groups it chairs. This could involve informal preparatory consultations with EU member states in order to come up with creative compromise proposals, as well as strong leadership when preparing draft Council Conclusions to be discussed in Council working groups. Another tool is the organisation of informal meetings on EU development cooperation in Brussels and Cyprus. This could range from closed gatherings, such as an informal CODEV meetings, to larger events for a broader range of stakeholders, such as seminars on priority topics of the Presidency.

The Presidency’s initiatives should be closely linked to the EU development cooperation agenda in the second half of 2012. Important issues for Cyprus to deal with that have been discussed in this paper include the ‘modernisation’ of EU development policy, negotiations on the EU’s budgetary framework 2014-2020 and the related financial instruments for EU external action, as well as efforts to promote aid effectiveness and Policy Coherence for Development. Figure 5 provides an overview of some relevant key milestones in this period that Presidency initiatives could specifically link up to.
It will be important for the Presidency to engage pro-actively with key stakeholders of EU development cooperation, including the High Representative and the EEAS, the EC, EU member states’ representatives and the European Parliament. Cypriot civil society organisations, particularly the Cypriot network of NGOs CYINDEP and its members, can also be valuable to partner with, to jointly pursue shared priorities in Brussels and ensure added value of the Presidency’s work in Cyprus, through regular exchanges of information and joint activities.

Box 2: The Cyprus Island-wide NGO Development Platform (CYINDEP)

CYINDEP is Cyprus’ network of NGOs working in development cooperation. It is a bi-communal platform, comprising around 26 Greek Cypriot and Turkish Cypriot NGOs. Its aims are:

1. To raise awareness among Cypriots on issues related to international development, poverty, development education, gender equality, human rights, health and the MDGs;
2. To support its members to engage in development projects;
3. To engage in advocacy and lobbying locally and internationally;
4. To represent the interests of Cypriot NGOs in European and international fora.

Source: www.cyindep.org

Finally, Cyprus will need to have the foresight to seize the opportunities offered by a Presidency, with enough ambition to achieve maximum results while also remaining realistic as to what can be achieved in a period of only six months and in a post-Lisbon context where the role of EU Presidencies has been significantly reduced in the area of external relations and development.
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This publication is supported by the EuropeAid-funded project ‘Knowledge Makes Change! Strong cooperation between NGOs and academics in promoting development among politicians and the general public’. The project is implemented by the NGO Support Centre, Polish Humanitarian Action and the Slovak Pontis Foundation. The NGO Support Centre is a non-governmental organisation, based in Cyprus, which supports Cypriot civil society by reinforcing links between local Civil Society Organisations and international NGOs, decision-makers and academics. For details about the NGO Support Centre, visit www.ngo-sc.org.

“This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of the NGO Support Centre and can under no circumstances be regarded as reflecting the position of the European Union.”

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