

Cotonou Infokit

EU Aid Reform and the ACP Countries

At first sight, the reform of EU aid is an internal process. However, it will inevitably change the way in which the EU deals with partner countries. This fiche analyses the implications of the reform process for ACP countries.

The reform of the EU's external assistance programmes has resulted in the emergence of a new context for the implementation of the Cotonou Agreement. It may fundamentally affect the whole concept of ACP-EU cooperation. The changes will be felt mainly at the following levels:

EU development policy. The reform acknowledges the need to thoroughly refine the policy framework for EU development cooperation. In practice, this means clarifying the overall political objectives of EU external assistance, its 'core business' and specific added value. To this end, the Council adopted an overall EU Development Policy Statement in November 2000. The statement sees poverty reduction as the central focus and stresses the need to relate Community assistance more strongly to internationally agreed strategies (e.g. recent UN Summits, DAC Strategies, the Comprehensive Development Framework, and Poverty Reduction Strategy Papers). In principle, this new policy should give a boost to ACP-EU cooperation, as most of the poorest developing countries are members of the ACP group. In practice, though, EU aid is increasingly distributed according to geopolitical and security concerns (e.g. to the Balkans, Eastern Europe and the Mediterranean).

The primacy of politics. In accordance with a trend that is evident in most EU countries, EU development cooperation is becoming more strongly integrated with the EU's foreign policy and trade relations. This may facilitate a better articulation of aid, trade and the political dimension of the ACP-EU partnership (as envisaged in the Cotonou Agreement). However, this integration of development cooperation into EU foreign policy also brings certain risks with it. It may undermine the role of development cooperation as an autonomous tool whose primary purpose is to serve the interests of developing countries. Institutional changes, such as the establishment of a single External Relations Council (and the simultaneous abolition of the Council of development ministers) appear to confirm the priority attached to foreign policy in the EU's external relations. Also, new policy areas, in particular the fight against terrorism and migration, are likely to shift EU foreign policy priorities away from poverty reduction. Finally, it remains to be seen whether DG Trade (now in charge of trade relations with the ACP countries) will be able to defend the trade interests of the ACP countries (as DG DEV used to do) within its overall mandate of promoting European trade interests.

New structures. The ACP countries will have to learn to deal with a new set of EU structures, including changes in the division of roles and responsibilities. DG DEV is a case in point. Under the Lomé Conventions, it was the ACP's key interlocutor, in charge of aid, trade and the political dimensions. Under the current reform, its mandate has been reduced to programming ACP-EU cooperation. All its other roles have been transferred to other bodies. DG External Relations (RELEX) is in charge of coordinating the political dimension, DG Trade handles trade with the ACP countries, and the responsibility for implementing EU aid has been handed over to a new organisation known as

'EuropeAid'. On paper, these structural reforms are designed to improve the management of EU aid (by strengthening policy coherence and reducing bureaucracy and delays). In practice, it remains to be seen whether they will actually help the effective implementation of the Cotonou Agreement.

Programming. The reform is intended to radically overhaul the way in which the EU allocates its aid resources. In EU jargon, this process is called 'programming'. The idea is to make clear political choices, establish clear strategies, produce the right 'policy mix' for each partner country (of aid, trade and political cooperation), improve coherence, set clear targets for results and, last but not least, divide responsibilities among Member States and other donors that are active in the same country. Here too, the Cotonou Agreement is a precursor of the EU reform process, as it already contains provisions for this type of a multi-annual programming process. This new system will profoundly affect the nature, scope and *modus operandi* of future ACP-EU cooperation.

FIRST EXTERNAL ASSESSMENT OF EU REFORMS: DAC AID PEER REVIEW

The DAC aid peer review presented the results of the 'Review of the development cooperation policies and programmes of the European Community' in June 2002.

The DAC report notes 'that the European Community's development policy framework, programming, organisation and management have been strengthened in numerous ways. In particular, poverty reduction is now the principal aim of development assistance, in line with DAC guidelines and assessed against the Millennium Development Goals (MDGs).'

The full report is available at:

<http://www.oecd.org/dac>

(<http://www.oecd.org/pdf/M00034000/M00034672.pdf>)

The devolution of authority. Bringing development cooperation closer to the field is a central tenet of the reform. To this end, the European Commission has decided to 'deconcentrate' authority to the EC Delegations, and has started to redeploy staff to the field, and to explore ways of decentralising management responsibilities to partner countries. Provided this aspect is properly performed, it could enhance the quality of overall ACP-EU aid.

THE EUROPEAN DEVELOPMENT POLICY STATEMENT

In April 2000, the European Commission proposed new guidelines for a Community development policy. The Council of European development ministers discussed the Commission's proposals in its meeting in November 2000. Finally, the Council and the Commission issued a common statement on a Community development policy. The main objective of Community development policy, which embraces all developing countries, is poverty reduction. The European Commission has also prepared an action plan, which defines how the development policy should be implemented in practice. This is subject to constant monitoring, and the European Commission is required to submit annual reports. The first annual report was presented in 2001.

The European Community's Development Policy, a statement by the Council and the Commission, is available at:

http://www.europa.eu.int/comm/development/lex/en/council20001110_en.htm

The Annual Report on EU external aid is available at:

http://europa.eu.int/comm/europeaid/reports/aidco_2001_annual_report_en.pdf