

'Increasing the impact of EU development policy'

What the European Commission needs to prioritise now.

ECDPM contribution to the public consultation on the Green Paper "EU development policy in support of inclusive growth and sustainable development. Increasing the impact of EU development policy".

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The Green Paper presents ideas that are in line with the current global discourse on development cooperation. It may provide a basis for developing a stronger EU development policy. Yet before proposing a new policy agenda ('inclusive growth') there is a need for introspection, evaluation of past performance and promoting awareness of the lessons learnt. ECDPM therefore encourages the European Commission to conduct further analysis, highlighting what has been learned, in particular with regard to the added value of its aid vis-à-vis the EU Member States, and the need for strong leadership on achieving Policy Coherence for Development and the implementation of the EU Division of Labour. In light with this, ECDPM invites the Commission to formulate a clear statement of intent and deliver on the following four points as a matter of priority. This would set in motion a process that would likely lead to a more effective, visible and coherent EU development policy.

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1. The EU needs to remain a **relevant and attractive partner** for developing countries while making its partnerships more strategic in the context of a changing geopolitical environment (Green Paper sections 3. 1, 4.2.)
 - a. Taking **account of the changing geopolitical environment**, the EU needs to systematically consider increasingly strong **South-South partnerships** in its relations with developing countries and regions; a more 'strategic' approach to partnerships as envisaged by the new EU leadership requires the EU to also invest in responding to its partners' interests and to offer something attractive in return. To be able to do this, the EU needs to substantially enhance its regional focus and its capacities to work at the (sub-)regional level.
 - b. New policy priorities need to be articulated firmly with those of **existing partnership agreements**. The current trend of a proliferation of partnership frameworks and related strategies should be halted to allow for clarity of focus in policy and action, which is a precondition for achieving results and impact. In partnerships in particular, there is a need to narrow the gap between rhetoric and action. The restructuring of the Commission's development structures, the establishment of the EEAS and the negotiations of the next multi-annual financial framework and the review of the EU's instruments for external action present excellent opportunities to do just that. The **organisational set-up as well as the financial instruments need to reflect the EU's policy commitments and stated priorities** - i.e. the "special relationship EU-ACP"; "Treating Africa as One" – otherwise, these policies need to be revised.
2. The EU should aim to provide the **intellectual leadership** in international development cooperation that is in line with its ambitions and the level of its financial and other contributions. In order to do so, it needs to:
 - a. Build on the growing evidence and realisation that **development is in essence a political change process**, involving context specific and historically shaped interactions of formal and informal institutions and the incentives these create, competing or overlapping interests, contestation or bargaining between state and society over power and resource allocation or control, shaped by history. Research, evaluation findings, experiences and efforts to implement the aid effectiveness agenda begin to converge on some key findings. These point to the need to prioritise state-society relations in partner countries when they seek to promote development, and to deepen their knowledge about political economy dimensions accordingly. These findings also emphasise the need for external actors such as the Commission to better understand the way it influences domestic change processes, and the need to contribute more effectively – and realistically – to progressive change. An emphasis on delivery of short-term results, though understandable in the context of domestic politics, is in stark contradiction with the conceptualisation of development as an endogenous, political process that 'inclusive growth' entails. (Green Paper section 2)
 - b. **Strengthen the EC efforts at developing political economy approaches and integrating these in its ongoing EC development policies and practices**. This is an ambitious agenda, which requires (i) clever ways to work together with development partners who have embarked on a similar path, (ii) a stronger focus on support to knowledge development in partner countries, (iii) more attention to those institutional incentives, arrangements and political economy aspects that affect EC/EU interaction in development efforts and external action, and (iv) a more open and informed debate and sensitisation within the EU on the content and the implications of this emerging agenda.
 - c. **Adapt the EC approaches and programmes to the findings of political economy analyses in particular regional, country or sector settings**. A more nuanced EC agenda will be adapted to country context and should avoid overly technocratic and blue-print development models. It may point to the margins of manoeuvre, to new actors beyond the 'usual suspects', to new coalitions for support, to different use of aid modalities or combinations of aid tools. Such agenda may also inform more indirect ways of supporting institutional and policy reforms over longer time horizons. A more rigorous attention to domestic and regional drivers for – and obstacles to – change may also inform the EC and EU member states on the potential for longer term EC/EU objectives such as 'inclusive growth' (Green Paper section 2).
 - d. **Reconsider how EC institutional incentives and arrangements have an impact on its effectiveness**, and what adaptations need to be undertaken to implement agreed EC policies

on aid and development effectiveness. Such political economy analysis of EC and donor behaviour may also inform more effective forms of intra EC collaboration (including between DEVCO and EEAS), as well as cooperation between the EC and EU member states, for example in key areas such as policy coherence for development. It also may inform how a bureaucracy like the EC can **ensure an effective mix of pertinent political and adequate technical expertise** to inform and implement such policy directions.¹

3. The EU needs to **exploit the potential of the Lisbon Treaty** for a more **coherent and integrated** EU approach to development. What does that mean?
 - a. **Improving the EU's overall impact on developing countries through systematically implementing its policy objectives regarding Policy Coherence for Development (PCD):** (Green Paper, section 2.6)
 - The **Commission/DEVCO needs to present a clear proposal and define the instruments and procedures the EEAS will use to ensure a more coherent approach** towards developing countries. What role can the Development Commissioner play to actively ensure that decision-makers in the EU institutions including his fellow Commissioners take account of the objectives of development cooperation in policy decisions that might affect developing countries? Contributing to inclusive and sustainable growth in developing country should be recognised as an interest and responsibility for the European Union as a whole, not for DG DEVCO alone, and all EU policies should be held accountable to promote a global development which is in the Union's own interest.
 - **A starting point would be to strengthen the links between DEVCO-led development cooperation and the political arm of the EC/EU external action**, as embodied in the EEAS, where decisions will be made that relate closely to EU foreign policy interests, to power and resources, in order to create more synergies within EU external action. Priority should be given to a joint approach to political dialogue with developing countries (e.g. art. 96). (Green Paper, section 3).
 - The next step would be a more intense cooperation and consultation with the EU's external policies outside the remit of the EEAS (trade!) as well as internal policies.
 - As a basis for increasing the Union's accountability for its contribution to global development, the EC needs to further invest in **ex-ante and ex-post research** to gain further knowledge on the impact of EU policies in developing countries. In addition to making strong improvements to the analysis of PCD in the Commission's Impact Assessment and evaluation systems, independent assessments of, and research into the impact of (lack of) policy coherence in developing countries needs to be stepped up. Plans to make these efforts should also be **reflected in the EU Work Programme on PCD**, which lacks a strong component for monitoring and evaluation. Such **information need to be made available in a transparent and accessible manner as a contribution to a broad public debate on the EU's contribution to global development**, beyond its investments through its Official Development Assistance budget. This debate should not be restricted to 'exposing' EU policies that are incoherent with development objectives, but should particularly focus on **how synergies between policy areas can be sought** which benefit both the EU and developing countries. In this context, the ongoing revisions in the Common Agricultural Policy and the Common Fisheries Policy which will be finalised in 2012 will be an important test for the Commission's technical capacity, its political willingness, and its legal compliance to Article 208 of the Lisbon Treaty.
 - The Commission/ DEVCO should build upon its experience of the last ten years in promoting PCD and **address the how questions of leveraging other, non-development EU policies to contribute to poverty eradication**, come up with *politically feasible* strategies and incentives and, practically feasible mechanisms and coalitions to implement them.

¹ The World Bank and the UNDP employ highest calibre academics and practitioners, rather than generalist administrators. These organisations have their own bureaucratic incentive problems. However, the EC needs more specialised staff than it currently has.

- b. **Working together in the EU - 27 MS plus the EC (Division of Labour): (Green Paper, sections 2.3, 2.5, 2.7, 3.2)**
- Four years after the publication of a Code of Conduct on Division of Labour in Development Policy indeed too little progress has been made in clarifying and strengthening the EC's areas of comparative advantage.
 - **Therefore, the Commission/ DEVCO needs to take the lead and give a clear answer on the specific added value of European development cooperation** in an increasingly complex multi-actor and multi-layered system of international cooperation. Rather than continuing to be seen as the 28th EU donor, the EC needs to prioritise and focus on areas where it has specific added value and comparative advantage. The EC also needs to publicly call on the Member States and the European Parliament to be allowed to play such a role. In this context the role of the EC/ EU Delegation in coordinating EU member states in countries and regions in terms of development support and in the area of political dialogue needs to be clarified;
 - The above will involve a **consultative process on the criteria to determine comparative advantage of the EC**. Only after such an agreement has been reached within the EU, a choice of topics (private sector, climate change, energy, food security etc.) can be made. For example, the EC could arguably be said to have a comparative advantage in supporting regional integration, building on the EU's own integration experience. The EC is less under pressure from political and other constituencies in the EU member states that overemphasise the need for accountability in development cooperation for tax payers' money in the North, which better allows the EC to address the need for a) strengthening over time the accountability systems, relations and actors in partner countries, and b) for improving accountability and governance of all development resources, both domestic and external. Given the considerable financial resources available, the EC is arguably well fit to support large investments in infrastructure etc. Also, the added value of the Commission vis-à-vis the Member States in providing budget support should be discussed.
4. The EC needs to address the **implementation gap/ delivery challenge** in realising the ambitions it sets for itself. Many evaluations of EC development cooperation show that it is not the quality of its policy but their implementation that presents most obstacles. Much progress has been made in recent years, particularly with regard to delivering on financial commitments. Yet the EC must not shy away from continuing reform of its systems, further improving incentives, rules and capacity.

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