CALL FOR EVIDENCE FOR THE BALANCE OF COMPETENCES REVIEW: DEVELOPMENT COOPERATION AND HUMANITARIAN AID REPORT

Question 1 and 2: Impact on the national interest, policy-making and implementation

The value added of the EU: the EU is not only an actor but also a system

The Lisbon Treaty defines that the EU and member states' development policies shall 'complement and reinforce each other'. Working through the EU thus has two dimensions for the UK and other EU member states: 1. How effective and efficient is the EU as a donor in providing development assistance? 2. What is the value added for the UK in working closely together with other EU member states and the EU institutions? Both questions are closely interlinked.

The EU has made a number of reforms to make its development policy more effective. Not least the UK's own multilateral aid review has shown that for instance the European Development Fund has become more effective and efficient.

Yet, the EU's unique value added as a development actor is its potential to bring together development policies from 27 EU member states and the EU institutions. This substantially increases the developmental effect the EU can make in partner countries. And it potentially provides the EU with more influence in international development debates on aid and 'beyond aid' issues.

In light of fundamental changes in the international development landscape where new actors such as China, India, Brazil or private foundations provide growing levels of development finance to (other) developing countries, the EU loses relative importance. Only by working closely together, the EU and member states will remain relevant in the medium term. For instance, already today the volume of development finance provided by the EU and member states to countries such as Ethiopia is as high as development finance provided by China. In order to engage in a meaningful political dialogue with the government and to maximise its developmental effect, close cooperation among EU member states and EU institutions is crucial.

See: Hackenesch, Christine (2011) Competing for Development? The European Union and China in Ethiopia, Discussion paper http://www.ccs.org.za/wp-content/uploads/2011/11/DP3 Hackenesch China-and-EU-in-

Ethiopia-for-CCS final1.pdf

The economic and financial crisis puts development budgets in most EU member states and the next EU financial framework under pressure. In light of shrinking (or at least not increasing) development budgets, close cooperation among EU member states becomes even more important to assure that scarce resources are used most effective and efficiently.

Since the mid-2000s, EU member states and EU institutions made some progress in working more effectively as *system*. EU initiatives such as Division of Labour and the recently launched Joint Programming are first steps in better coordinating different EU member states' development policy and aligning them to partners' strategies.

Yet, a more fundamental debate on the comparative advantages and different responsibilities of individual European actors (EU and member states!) is needed. Recent policy debates, i.e. about the Agenda for Change or the Communication on Budget Support, revealed a similar pattern: EU member states tend to project and 'upload' their domestic policy priorities to the EU level. However, due to its specific role as a multilateral actor, the size of its development budget and its mandate to represent the EU in the world, the EU institutions have a particular comparative advantage.

For the debate on budget support see: Faust et al (2012) The Future of EU budget support. political conditions, differentiation and coordination http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_FileContainerByKey)/ MSIN-7NGJF6/\$FILE/European% 20Think-Tanks%20Group_Future%20of%20EU%20Budget %20Support 16.05.2012.pdf?Open

Not least: through the EU, development policy is less likely to fall prey to other external policy interests that may, at times, be incoherent with it, particularly in areas where an opposition of interests is likely to occur such as trade, access to fisheries, support to non-democratic governments in exchange for stability or commitment to security in certain regions, etc. The intrinsic multi-stakeholder approach with a diversity of interests that characterises the functioning of the EU arguably provides for a more transparent, nuanced decision-making process which is more likely to preserve developmental interest from other potentially counter foreign political interest.

Question 3: Relationships between development cooperation and other policy areas

<u>EU development policy can make an important contribution for global governance by engaging with Middle Income Countries</u>

A key question for development cooperation is how to deal with developing countries moving up the ladder of per capita income. The EU can play a decisive role in maintaining its development cooperation with these countries while adapting it to the new realities. Counter to the logics of disengagement or graduation, development cooperation ties should adopt differentiated approaches with partners that progress economically and should remain engaged with poverty reduction. Many MICs perform strongly in terms of economic growth but keep having important pockets of poverty. The main reason for this is the absence of decisive strategies to tackle inequalities, both of opportunities and outcomes. European collective experiences in this area, particularly regarding social protection systems, can and must be a comparative advantage of its development cooperation offer.

However, such an approach can and should go beyond aid. Maintaining fluent, meaningful ties based on mutual cooperation and trust can be useful not to buy partners' votes in international forums but to build the necessary communication channels to make global governance possible. For a truly global dialogue to take place and for substantial commitments in areas that increasingly threaten or affect us globally, it is essential to not only create adequate institutions but have channels of communication that provide the ground for trusting, committing and cooperative relationships.

See for instance

Koch, Svea (2012): From poverty reduction to mutual interests? The debate on differentiation in EU development policy

http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ANES-8ZBGUZ?Open&nav=expand:Publikationen\Discussion Paper;active:Publikationen\Discussion Paper\ANES-8ZBGUZ

Furness, Mark / Mario Negre (2012): Can the EU help developing countries fight inequality?

 $http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ANES-8YXN9P?Open&nav=expand:Publikationen\Mitarbeiter sonstige;active:Publikationen\Mitarbeiter sonstige\ANES-8YXN9P$

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