

EU DEVELOPMENT POLICY IN THE CONTEXT OF SUPRANATIONALISM AND INTERGOVERNMENTALISM

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Introduction

The development policy of the EU for the developing countries is one of the major components of its external relations, which it implements through its aid programmes.¹ The notion of helping the newly independent countries to embark on the path of development was initiated by the Treaty of Rome on a small scale by the creation of the European Development Fund (EDF) for the Overseas Countries and Territories (OCTs).² It later evolved through subsequent treaties and conventions. In Part IV of the Rome Treaty, 'associated status' was given to OCTs which had colonial links with the EC member states – Belgium, France, Italy and, the Netherlands.³ Formally, the foundation of the European Community's development policy was established through Title III of TFEU, which aims to eradicate poverty in poor countries by assisting them in overcoming problems relating to education, health, sustainable agriculture and energy production, alongwith job creation and entrepreneurship. As mentioned earlier, this policy grew gradually and in the beginning only the associated countries were included, but later it was expanded to include other poor and least developed countries of the world.⁴ The European Consensus on Development (2005) and the Lisbon treaty (2009) are the latest paradigms by virtue of which the EU's development policy is being implemented. In this regard, the Commission, the European Parliament and the Council are jointly involved. The declaration on Policy Coherence for Development, the

¹ "Development", EUR-Lex, available from http://eur-lex.europa.eu/summary/chapter/development.html?root_default=SUM_1_CODED=11 (accessed June 25, 2015); Benedicte Claes, "The Role of the European Commission," in Carol Cosgrave-Sacks and Gioia Scappucci (eds.), *The European Union and Developing Countries: The Challenges of Globalization* (New York: St. Martin's Press, 1999), 16.

² European Commission, *International Cooperation and Development: Fighting Poverty in a Changing World* (Brussels: Directorate-General for Communication, 2014), 3.

³ Morten Broberg, "What is the Direction for the EU's Development Cooperation after Lisbon?", *European Foreign Affairs Review*, 16 (2011): 540.

⁴ EUR-Lex, "Development".

Millennium Development Goals, and the Agenda for Change are important dimensions of the EU's development policy in the developing countries.⁵

Evolution of the development policy

The basic aspects of the EU's development policy emerged from the Treaty of Rome, and these are market access and economic assistance. In order to finance development in the OCTs, a new mechanism was introduced in 1958 – the European Development Fund (EDF). This was to keep development funds separate from the general budget of the Community. When this early EDF expired, a new EDF was created, and this process of finance generation and allocation for third states has continued to date.

In 1964, the Yaoundé Conventions were signed with the Associated African and Malgachan countries which earlier had been granted OCT status in the Community. However, this time these countries were considered as sovereign parties in the agreement.⁶ This convention was followed by the first Lomé Convention in 1975, Lomé II in 1980, Lomé III in 1986, and Lomé IV in 1990. The Lomé Conventions expired in 2000.

The Lomé arrangement had a much wider scope than the Yaoundé Conventions. Non-reciprocal preferential schemes were introduced by Yaoundé, which favoured several former European colonies in sub-Saharan Africa, the Caribbean, and the Pacific (ACP). Besides trade and development aid, Yaoundé introduced new policy fields such as democracy, human rights and the rule of law. In 2000 the Cotonou Partnership Agreement was signed with the ACP countries. It accorded ACP partners enhanced preferential treatment in comparison to the Lomé Conventions. Cotonou will remain valid until 2020.⁷ According to an analyst the Lomé Conventions had strong elements of intergovernmentalism for they were strongly supported by France and the UK. A similar approach is discernible in Cotonou, which brought Latin America into the limelight because of the abiding interest of Spain and Portugal in the region.⁸ Thus it appears that

⁵ European Commission, "European Development Policy," available at http://ec.europa.eu/europeaid/policies/european-development-policy_en (accessed June 25, 2015).

⁶ Broberg, "Direction for the EU's", 541.

⁷ Ibid, 543.

⁸ Maurizio Carbone reviews of *The European Union and Third World* by Martin Holland, *Avoiding Responsibility: The Politics and Discourse of European Development Policy* by Nathalie Karagiannis and *EU Development Cooperation: From Model to Symbol* by Karin Arts and Anna K. Dickson (eds.) in *Journal of International Development* 17 (2005): 981;

the debate on supranationalism vs. intergovernmentalism was also visible in the development policy of the Community from the very beginning.

In field of socio-economic development, the EU has also given attention to non-associated countries, besides the associated countries. The European Commission initiated this in 1971 through the Paris Declaration, by virtue of which the EU has established links with Asian and Latin American countries. When the UK began efforts to gain membership of the European Community in the late 1960s, there was talk of widening the involvement of the Community with numerous non-associated countries, particularly those belonging to the British Commonwealth. However, this did not materialize, for France rejected the UK's bid to enter the Community.

In 1973, after the UK's entry into the Community, the Latin American countries got the attention of the EEC,⁹ which was enhanced by the subsequent inclusion of Spain and Portugal in 1986.¹⁰ The EEC's relations with the Latin American countries gained more significance in 1990s.¹¹

The Treaty on European Union of 1992 has played a key role in development matters, for it introduced specific principles and objectives for development policy. Its main objectives were identified as sustainable economic and social development of the developing countries, their integration into the world economy, campaign against poverty, promotion of democracy, human rights, and the rule of law. This policy initiated the famous three Cs - coherence, cooperation and coordination for interaction between the member states and the developing countries and among the member states.¹²

The three Cs of the Maastricht Treaty worked separately from each other to bring efficiency in different policy sectors of the EU. The principle of complementarity was meant to bring the policies of the EU closer to the

Christian Freres, "The European Union as a Global 'Civilian Power': Development Cooperation in EU-Latin American Relations," *Journal of Interamerican Studies and World Affairs* 42, no.2 (Summer 2000): 68.

⁹ Joaquin Roy, "The European Union and Latin America: Relations and Model," *Novos Estudos Juridicos* 14, no.1 (January-April 2009): 148.

¹⁰ Björn Hettne, Fredrik Söderbaum and Patrik Stålgren, "The EU as a Global Actor in the South," Swedish Institute for European Policy Studies, Report No. 8 (June 2008): 35.

¹¹ Ibid, 48.

¹² Broberg, "Direction for the EU's", 542-543.

member states' policies. The Commission has been assigned to work alongside the member states to avoid duplication of policies and clashing aims of both member states and the EU with regard to development policy.¹³ Coherence is for aligning of the EU's various policies with each other, for instance trade and development. Coordination highlights the imperative of close coordination of the EU's institutions, such as the Commission, the Council, and the Parliament in the drawing up and implementation of policies.¹⁴

The Lisbon Treaty (2009) set up the European External Action Service (EEAS) to ensure coherence and cooperation between various institutional actors on development policies of the EU and its external actions.¹⁵ The Commission is the main institution in the realm of external action. Thus initial coordination occurs within the Commission between the Directorate General for Development and Cooperation, Europe Aid and the Directorates General for other policy areas in the EEAS.¹⁶

In 2000, a joint EC Development Policy statement was published by the EC development sector, which provided the guidelines for the Commission to draw development policies. Several stakeholders, such as the member states, the European Parliament, the civil society, NGOs, and partner countries, were consulted to accommodate all points of view in drawing development policies.¹⁷ This statement was a very significant milestone in development policy for it aimed to introduce clear objectives in this policy area. Through this statement, it has been decided that only those areas of developing countries would be given attention in which the Commission had a comparative advantage. In this regard, development and trade have been given preference, including macroeconomic procedures, regional integration, and social policies, such as food, transport, education, health, urbanization and institutional development.¹⁸ The Development Policy did

¹³ Maurizio Carbone, reviews of *The European Union and Third World*, 981.

¹⁴ Stephen Woolcock, *European Union Economic Diplomacy: The Role of the EU in External Economic Relations* (Farnham: Ashgate Publishing Limited, 2012), 151.

¹⁵ European Commission, *EU 2011 Report on Policy Coherence for Development*, SEC (2011) 1627 final, (Brussels: European Commission, 2011), 13.

¹⁶ Ibid.

¹⁷ European Centre for Development Policy Management, *Assessment of the EC Development Policy: DPS Study Report* (The Netherlands: ECDPM, ICEI, ODI, 2005), 11.

¹⁸ Stephen Dearden, "Delivering the EU's Development Policy: Policy Evolution and Administrative Reform," *Perspectives on European Politics and Society* 9, no.2 (April

not succeed too well in achieving all its stated objectives. It lacked clarity with regard to the matter of comparative advantage of the Commission and did not bring about much complementarity between the aid programmes of the EU and the individual member states. A rift was also caused among the member states on the nature of the EU aid programmes. Most notable was the fact that while the UK and the northern states wanted intergovernmental or state-centric individual aid policies vis-a-vis the developing countries, Germany and the Netherlands favoured supranational aid and development governance by the EU. Thus, in order to iron out these differences the European Consensus on Development was announced by the EU in 2005.¹⁹

The European Consensus on Development, which was issued in 2005, strongly recommends that developing countries stabilize and harmonize their internal economic environment, activate internal resources, and establish such policies and strategies that could be aligned with the EU policies and promote development through mutual understanding.²⁰ This Consensus is a collective statement of the Council, the Commission, and the Parliament, which aspires to bring in line member states' development policies with those of the European Union.²¹ The author believes that this can only be done successfully through the help of the three Cs.

The Lisbon Treaty initiated the notion of the 'Union's external action', which places particular emphasis on development policies for the developing and above all the poor countries. The goal of poverty eradication in the developing world was linked in the treaty with the development policy section, which shows that the EU has progressed much

2008): 116; Der-Chin Horng, "The Human Rights Clause in the European Union's External Trade and Development Agreements," *European Law Journal* 9, no.5 (December 2003): 683-684.

¹⁹ Stephen Dearden, "Delivering the EU's Development Policy", 120.

²⁰ European Parliament, Council, Commission, *The European Consensus on Development* (Brussels: Official Journal of the European Union, 2006), 3.

²¹ Wil Hout, "EU Development Policy and Poverty Reduction: Conclusions and Recommendations," in Wil Hout (ed.), *EU Development Policy and Poverty Reduction: Enhancing Effectiveness* (Hampshire: Ashgate Publishing Limited, 2007), 195.

beyond in this matter than the previous treaties, specifically the Maastricht Treaty.²²

Since the Lisbon Treaty, development assistance has become among the foremost goals of the EU's development policy. In 2010, 53.4 billion euros were disbursed as development assistance under the EU's Official Development Assistance (ODA) and 14 billion euros were collectively used by the EDF and the EU development budget fund. The significance of these funds has been enhanced because of the Millennium Development Goals (MDGs) and the climate change obligations of the EU and its member states.²³

The development policy of the EU, as can be gleaned from the above, is nothing new. Under European Political Cooperation (EPC), the precursor of the Common Foreign and Security Policy (CFSP) and the agreements with the African countries, development policy was restricted to development in a few regions. The idea of the EU's role in development was simply codified – so to say – in the Lisbon treaty and acquired a more concrete shape in the document.²⁴ Similarly, it has been found that over the decades, the EC/EU has made efforts to frame and implement development policy in the supranational context. However, the intergovernmental approach of member states has constantly undermined these efforts. The adoption of the European Consensus on Development and the Lisbon treaty have somewhat improved the situation and made space for the EU to take the lead in this policy area on behalf of its member states. Nevertheless, the fact cannot be ignored that in this policy area the EU and its member states share competences and that the latter are always keen to promote their own interests.

²² Dieter Frisch, "The European Union's Development Policy: A Personal View of 50 Years of International Cooperation," *Policy Management Report 15* (Maastricht: ESDPM, 2008): 61.

²³ Jorge Núñez Ferrer and Arno Behrens, "Innovative Approaches to EU blending Mechanisms for Development Finance", *CEPS Special Report* (2011), i.

²⁴ Morten P. Broberg, "Don't Mess with a Missionary Man! On the Principle of Coherence, the Missionary Principle and the European Union's Development Policy," in Paul James Cardwell (ed.), *EU External Relations Law and Policy in the Post Lisbon Era* (The Hague: T.M.C. Asser Press, 2012), 190.

The role of the European Commission in development assistance

The Commission has been assigned a big role to play in maintaining the EU's development values and principles. According to the European Consensus report, the Commission would actively ensure the implementation of the Paris Declaration on aid effectiveness. It has been given the responsibility of making sure that there is proper coordination and harmony with partner countries and that they are fulfilling their respective legal responsibilities. In addition, guarding and implementing of the three Cs are also considered as major duties of the Commission with regard to the EU's worldwide aid plans.²⁵

The European Commission has been assigned the responsibility for administering the development policy and external relations of the EU for it is a supranational institution. However, since multiple development programmes are being conducted simultaneously they had to be brought under a single set of agenda. The first programme is operated by DG Development, which covers development policy in general and deals with the ACP countries. The second programme is related to collaboration with Asian and Latin American countries which is supervised by the DG External Affairs. This programme also encompasses partnership with countries that are part of the EU's European Neighbourhood Programme (ENP). The third programme is called Europe Aid. This is a tool of development policy and the disbursement of aid to developing states.²⁶ Europe Aid was created by the Commission after it adopted some reforms in 2000 to improve its performance in external programmes. Europe Aid controls all development programmes of the Commission.²⁷

The Commission's Directorate-General for Development and Cooperation also has the responsibility of looking after Policy Coherence for Development (PCD). It holds debates between the Commission and the member states, international organizations, and other stakeholders on matters related to PCD.²⁸

²⁵ European Parliament, Council, Commission. *The European Consensus on Development*. 9.

²⁶ Eurostep, *The Lisbon's Treaty Provisions on External Relations: Institutional Reforms and the Place for Development*, Briefing No. 43. (Brussels: Eurostep, 2009), 3; European Commission, "EU Development Policy," available at http://ec.europa.eu/europeaid/policies/policies_en (accessed June 26, 2015).

²⁷ Maurizio Carbone reviews of *The European Union and Third World*, 980.

²⁸ European Commission, *EU 2011 Report on Policy Coherence for Development*, 13.

As pointed out earlier, the objectives of the EU's development policies are eradication of poverty and the achievement of MDGs. The objectives are based on the European Consensus, which urges that the developing countries also take responsibility of their development and draw suitable strategies for it. These strategies would be aligned with the development policies of the EU. The help of NGOs could be sought in this regard.²⁹

As is obvious from the above discussion, the Commission is in the forefront of all activities related to the EU's external relations and development assistance. It therefore has a diplomatic presence in most countries- even those states that are not partners anymore. A huge system of diplomatic representation assists the Commission to efficiently fulfil its duties. The Commission's Delegations in partner countries help in the supervision of cooperation programmes and trade and also play a role in diplomatic dialogue with these countries.³⁰

According to the European Consensus, the Commission is responsible for initiating debates among member states regarding development. The debates are on issues such as direct budget support, aid to specific sectors, termination of aid programmes, and the various mechanisms for policy implementation. The development-related responsibilities of the Commission have made it into an intellectual and technical hub of development related discourse.³¹

Besides discussion among member states, dialogue between partner countries is also important. Such dialogues on European Union policies are organized at country, regional, and global levels. In this regard, the Commission's Country Strategy Papers provide a strong base for dialogue to the EU and its partner countries, for these papers offer good assessments of the socio-economic and other issues faced by various countries and regions. At the same time, Policy Coherence for

²⁹ Phildelia Darko, "EU Development Policy for Developing Countries vs. the New Security Agenda: A Case Study on Ghana", Thesis (Malmö University, 2010), 7.

³⁰ European Parliament, Council, Commission, *The European Consensus on Development*. 8.

³¹ Ibid, 9.

Development (PCD) also plays a useful role in the practical side of development assistance.³²

Thus the development policy of the EU has supranational elements for, it is largely controlled by the Commission. The Council and the Parliament too have responsibilities, but they are comparatively inconsequential.

Development strategies of EU

According to a scholar, development agenda in developing countries has been impacted by the phenomenon of globalization which led to a proliferation of multinationals. The large corporate sector is very keen to secure cheap labour from the developing countries, to lower its costs of production. This can only be done by assisting the developing countries to stabilize their economies and helping them to achieve security so that the existing and future investments of the corporate sector in these countries is secure. The strategy helps both parties to secure their interests equally. While the developed countries are able to hire cheap labour which gives them big profits in the long run, the developing countries gain more stability in return.³³

In the context of the EU and development, an analysis of the Treaty on European Union reveals a functionalist approach, in which aid is correlated with economic cooperation. The treaty states that the EU and its member states must “foster the sustainable economic, social, and environmental development of developing countries, with the primary aim of eradicating poverty” (TEU Art. 21(2d)).³⁴ This objective apparently emphasizes that the economic and social agendas of the European Union in the developing countries can only succeed if economic conditions in the developing partner countries is improved through aid. Similarly, the Lisbon treaty, in its title III of part five, has discussed the matter of development cooperation with developing countries. It established the concept that development policies would be designed under the principles and objectives of the Union’s external action and must align with the interests of the member

³² Louis Michel, “EU Report on Policy Coherence for Development”, *Commission Working Paper*, COM (2007) 545 final (Brussels: European Commission, 2007), 20.

³³ Darko, “EU Development Policy”, 39-40.

³⁴ Johan Fredborn Larsson, “A Theoretical Understanding of the Treaty of Lisbon: Neo-functionalism and Liberal Intergovernmentalist Approaches”, Thesis (Lund University, 2010), 2.

states. This demonstrates that intergovernmentalism often prevails in even those policy areas that are basically supranational in nature. Also, it specifically placed emphasis on the eradication of poverty.³⁵

Since the late 1990s, the EU has become greatly concerned about its role as a powerful global actor. In this regard, it has given more attention to security issues like conflict prevention and political emergencies outside Europe. Therefore, focus on development in the developing countries has relatively lessened.³⁶ It has been pointed out that before embarking on any development agenda for a developing country, the EU should first take into consideration a few elements. First of all, it should thoroughly evaluate the level of economic growth of the country. The weaknesses and strengths of the economy must be closely examined. Second, the resources of the country must also be taken into consideration to appraise the investment environment and growth rate. Last but not least, the social conditions must also be correctly assessed; these include education, health, democracy, social services, environmental conditions and fiscal and monetary policies.³⁷ In this regard, the following areas require particular attention.

Trade Preferences

The EU claims that it is keen to spread its own values to its developing and developed partners. The United Nations Conference on Trade and Development (UNCTAD) initiated the notion of the New International Economic Order (NIEO), the objective of which was to establish a more equitable global economic order which would lead to the betterment of economic conditions in the developing countries. In other words, the NIEO would get rid of any exploitative elements and inequities in the global economy. This approach was acceptable to the Community and it began to promote trade with the developing countries with a view to improving their economic health. Thus the Generalised System of Preferences (GSP) was introduced in 1971.³⁸ It used the “trade preferences” strategy, which is similar to the MFN principle of the WTO. It is however, much more

³⁵ Paul Craig, *The Lisbon Treaty: Law, Politics, and Treaty Reform* (Oxford: Oxford University Press, 2010), 391-92.

³⁶ Broberg, “Direction for the EU’s”, 543.

³⁷ European Commission, *Increasing the Impact of EU Development Policy: Agenda for Change*, Communication Report 637 Final (Brussels: European Commission, 2011), 10.

³⁸ Fegerico Birocchi, “The European Union’s Development Policies towards Asian and Latin American Countries”, *European Development Policy Study Group*, 10 (1999), 4-5.

restricted in nature for unlike the principle of MFN, trade preferences are not conferred on all partner countries of the EU. Rather, these are given only to those partner countries that fulfil the assistance criteria of the Union. Regulation 732/2008 is a “special incentive arrangement”, which is also known as GSP+. According to this regulation, the developing countries’ goods are offered exemption from custom duties, but only if they ratify and implement twenty seven international conventions. These conventions are concerning racial discrimination, minimum employment age, the right of labour to organize and bargain collectively, and the Kyoto Protocol on the environment. The Convention on International Trade in Endangered Species of Wild Fauna and Flora is also included in the list.³⁹ It has been argued that GSP and GSP+ were not designed to promote an export driven trading mechanism in the developing countries; rather, these tend to facilitate the EU’s interests in aid and trade negotiations with the developing countries. Similarly, it has been pointed out that the Commission’s DG trade is more concerned with promoting the interests of EU exporters than of the importers under the GSP+ formula.⁴⁰

Promotion of democracy

The European Parliament and the Council collectively enable the EU to finance “the promotion of democracy and human rights worldwide” under Regulation 732/2008. For the period of 2007-2013 one billion euros were allocated for this purpose. This amount can also be used for providing financial and technical assistance to third world countries in the realms of democracy and human rights. This strategy is important because under its treaty title on human rights, NGOs are economically facilitated by the EU.⁴¹ Here, the author infers that the inner financial mechanisms of the EU significantly impact on the development assistance it can provide. It also indicates that the EU’s preferences with regard to development in any area, country, and region depends on the consent of the European Parliament and the Council. These institutions, particularly the Council represent the member states and the population of the EU, which tends to

³⁹ Broberg, “Direction for the EU’s”, 552; Sibylle Scheipers and Daniela Sicurelli, “Empowering Africa: Normative Power in EU-Africa Relation,” *Journal of European Public Policy* 15, no.4 (May 2008): 616-617.

⁴⁰ Gabriel Siles-Brügge, “EU Trade and Development Policy Beyond the ACP: Subordinating Developmental to Commercial Imperatives in the Reform of GSP,” *Contemporary Politics* 20, no.1 (2014): 58.

⁴¹ Broberg, “Direction for the EU’s”, 552.

promote the intergovernmental mode of operation in development assistance.

Policy coherence for development

Generally, coherence is defined as establishing coordination among different policy areas and the concerned bureaucracies for promoting the common agenda and shared interests.⁴² There are two types of coherence with regard to development policy. 1) Vertical coherence: coherence between the EU's and member states' policies and interests. This coherence began to evolve from the beginning, but there are still some problems; 2) Horizontal coherence: it is with regard to policy areas, such as trade, agriculture, development and fisheries, etc. In order to ensure coherence, the EU has taken initiatives, and the Policy Coherence for Development (PCD) is one of them.⁴³ However, it has been argued that horizontal coherence is not an easy task for bureaucratic institutions like the EU and it requires considerable efforts to achieve coordination among various policies.⁴⁴

The Community has always favoured the review of policies and tried to improve them over time and PCD is a mechanism designed specifically for this purpose. The most effective method of achieving policy coherence may be the involvement of the middle layer of governments of member states. At the lower level, it would be of a consultative nature, while on the higher level, political decision making and trade-offs would be used to attain coherence. The PCD reports of 2007 and 2009 showed that varying efforts were made by member states with regard to achieving coherence. The endeavour is to achieve it at the national level and also at the EU level. These difference not only triggered debate in the EU but also adversely impacted on the effectiveness of European policies.⁴⁵

⁴² Jan Orbie, Peter Van Elsuwege and Fabienne Bossuyt, "Humanitarian Aid as an Integral Part of the European Union's External Action: The Challenge of Reconciling Coherence and Independence," *Journal of Contingencies and Crisis Management* 22, no.3 (September 2014): 159.

⁴³ Neils Keijzer, EU Policy Coherence for Development: From Moving the Goal Posts to Result Based Management, Report No. 101 (Maastricht: ECDPM, 2010), 4.

⁴⁴ Jan Orbie, Peter Van Elsuwege and Fabienne Bossuyt, "Humanitarian Aid as an Integral Part of the European Union's External Action", 163.

⁴⁵ Woolcock, *European Union Economic Diplomacy*, 150.

The Commission, the Parliament, and the Council are making independent efforts to promote PCD in the EU. The Commission has different mechanisms, such as Inter-Service Consultation, the Impact Assessment System, and Inter-Service Group, which are designed for the promotion of PCD. The presidency of the Council played a vital role in setting it up, but still lacks firm action owing to weak decision making. On its part, the European Parliament's Development Committee is involved in the strengthening of PCD by demanding frequent reports on its activities and continuous debates on it. Despite all these efforts, the effectiveness of PCD leaves a huge room for improvement.⁴⁶ A very important reason for PCD ineffectiveness is that the lobby systems of member states and various interest groups are very strong, which, in order to protect their short-term interests usually do not let any progress to take place in the area of policy coherence. For example, the EU approach towards agricultural imports from the developing world is very harsh, and their farmers are deprived of any benefits they could have enjoyed. A reform of policy in this regard might bring long-term benefits to large numbers of people, but such a step is hindered by strong interest groups. In addition, the developing countries too have remained silent about the need for the EU to change its policy. This is advantageous for the EU in general, but it undermines its stance on development policy.⁴⁷ It has also been highlighted that there is lack of coherence in the administration of the EU's Economic Partnership Agreement (EPA) with the South Pacific countries of the ACP group.⁴⁸

It is noteworthy that it is difficult for some member states to support PCD genuinely. Though they fully agree with the notion of coherence in their own government's policies and also pursue it, in the case of PCD, they are worried that they might lose some of their government's short-term benefits at the cost of long-term profits of the Union. Generally, they are more concerned about their own short term profits and this emerges as a major obstruction to the PCD's smooth functioning.⁴⁹

⁴⁶ Michel, *Report on Policy Coherence*, 10.

⁴⁷ Owen Barder, *et al.*, "Europe Beyond Aid: Assessing European Countries' Individual and Collective Commitment to Development," *Journal of International Development* 25 (2013): 847.

⁴⁸ Stephen J. H. Dearden, "Policy Arena: EU Aid Policy towards the Pacific ACPs," *Journal of International Development* 20 (2008): 216.

⁴⁹ Greta Galeazzi, Anna Knoll, Florian Krätke, Brecht Lien, Anna Rosengren and Andrew Sheriff, "Insights from Developments in National Policy of Coherence for Development

Now, the issue is how to make the EU policies for the developing countries, coherent. The PCD Work Programme of September 2009 established three phases: 1) Setting objectives: there is a need to identify the objectives – from name to a broad description; 2) Identifying targets: different targets should be set to achieve those objectives efficiently; 3) Formulating indicators: these indicators would come in useful for achieving the new targets and scrutinizing whether the objectives set have been accomplished.⁵⁰

Generally, the mechanism of PCD is based on three main stages. In the first stage, the policy statements and agendas are prepared. The second stage comprises the administrative and institutional tasks. Here, technical experts and the concerned quarters take initiatives to strengthen coherence and address issues that contribute to incoherence. In the third phase, evaluation and assessment of policies is undertaken. The most noteworthy aspect of this mechanism is the influence wielded by member states' politicians, lobbyists, intellectuals and governments. All these actors try to exert pressure at every stage of PCD.⁵¹

To make PCD work successfully, there is a need to spread awareness and understanding about it at both member state and Union levels, so, it would become part of a routine. Similarly, there is a need to make the policies of member states towards each other more coherent regarding development policies. Incoherence in development policies should be eradicated and PCD should be applied at each stage of the development cycle from policy design to coordination and implementation.⁵²

The CSP and guidelines for programming issued by the Commission should be recommended to PCD for its improvement.⁵³ The Commission and the European Parliament, have made considerable efforts to improve PCD. The issue concerns the Council and the member states' governments. The

Systems: Key Cross Cutting Issues and Dilemmas", *Discussion Paper*, No. 144 (Denmark: ECDPM, 2013), 13.

⁵⁰ Keijzer, EU Policy Coherence, 15-16.

⁵¹ Galeazzi, Knoll, Krätke, Lein, Rosengren, and Sheriff, "Insights from Development", 4.

⁵² Ibid, 15.

⁵³ Spotlight on EU Policy Coherence for Development: A Lisbon Treaty Provision, a Human Rights Obligation (Brussels: CONCORD, 2011), 19.

interest groups and lobbies work collectively to keep this area intergovernmental and do not allow the supranational efforts of the Commission and the Parliament to improve matters.

Loan and Grant Blending Facilities

Besides PCD, the Commission also created other instruments to supervise its development policies. One such instrument is the Loan and Grant Blending Facilities (LGBFs), which aims at increasing the effectiveness of development policies and making their execution more efficient. LGBFs link the budget grants with loans of other financial institutions of the European Union area such as the European Investment Bank, the European Bank for Reconstruction and Development, the Council of Europe Development Bank, The Nordic Investment Bank, and KfW Bankengruppe. LGBFs improve coordination, efficiency, and labour division in the execution of EU development tasks. They improve the partnership among financiers for development ensuring the synchronization of Development Finance Institutions (DFIs), joint European offers, and the effectiveness of aid. Its task is to help to finance and administer huge projects which cannot be managed by a single institution. The LGBFs are recent initiatives but they have the potential to fulfil three tasks for the Community: i) to step-up influence of grant support and achieve larger development objectives; ii) to heighten the effectiveness of aid and bring coherence, cooperation and coordination to the process; iii) to plan the development assistance of the EU.⁵⁴

The LGBFs have the potential to be very effective for the EU's development policies. The reason is that they have can efficiently fund MDGs and also cope with climate change. If there is the outbreak of a financial crisis, they have discreet and clear methods for generating considerable amounts of funds from limited resources. They also possess the ability to improve coordination among financial institutions.⁵⁵

Development policy mechanisms of the EU

There are four mechanisms that explain the effects of EU policies on developing countries, first, the ex-ante impact assessment: which was set-up in 2003 with the purpose of improving and regulating policy-making in the Commission. It serves as an analytical tool and also brings coherence

⁵⁴ Ferrer and Behrens, *Innovative Approaches to EU Blending*, 1.

⁵⁵ Ibid, 2-3.

among different policy measures. Through this mechanism, the Commission is able to identify positive and negative economic, environmental and social effects and trade-offs, and how these can impact on policies. In this process of assessment, various stakeholders are also consulted. To promote PCD, other means are also employed for assessment, including trade sustainability impact assessment, impact assessment studies, and the Eco-Management and Audit Scheme. Second, ex-post evaluations: This is a mechanism through which the country and regional strategy papers prepared by the Commission are periodically reviewed. These evaluations assess the level of success in the implementation of different EU policies. Third, country and regional programming and reporting: Through this method, the impact of EU policies on specific countries are explored. Finally, there is the fourth mechanism through which EU policies are analysed by independent research organizations, civil society organizations, and the media. The mechanism is occasionally used in the EU decision making process.⁵⁶

The fact is that the EU has not made its independent development policy yet. It takes help and draws inspiration from the methods of international organizations, such as the World Bank, UNIDO, and WTO, in formulating its policies. The main reason why there is as yet no independent policy is that member states have their own development policy preferences. Thus they not only sign agreements with developing countries through the EU but also enter into bilateral and multilateral agreements with the help of the above mentioned international organizations.⁵⁷ A scholar calls it a three-level game in which the EU takes into account the individual and collective interests of EU member states, but also accommodates criteria set by international organizations such as, WTO, IMF and World Bank.⁵⁸ The main reason for this complex structure is that development policy is a shared competence between the EU and its member states, and the interests of the latter must not be neglected in any way. The fact is that the member states protect their respective national interests as a legal entitlement.⁵⁹ The international organizations too exercise significant influence on EU development policy since 2005, and this has impelled the EU to include the

⁵⁶ Keijzer, EU Policy Coherence, 10-11.

⁵⁷ Woolcock, *European Union Economic Diplomacy*, 149.

⁵⁸ Mary Farrell, "Internationalising EU Development Policy," *Perspectives on European Politics and Society* 9, no.2 (April 2008): 226.

⁵⁹ Ibid, 227.

notions of governance, partnership, participation, and ownership, in its policy.⁶⁰ EU development policy has been widely criticized as outdated and unequal, and is seen as promoting the donor-recipient relationship instead of equal partnership in trade. In this regard, the example of the EU's policy in Africa is usually given. Similarly, with regard to the Mediterranean region, an attempt has been made to revamp EU policy by the adoption of the Agenda for Change, but the issues have still not been addressed satisfactorily.⁶¹ If the EU genuinely desires to adopt effective development policy, it must fulfil the criteria of the three Cs, and enhance vertical and horizontal coherence. It would then push the EU and its member states to allocate more funds for development policy.⁶²

It is noteworthy that the framework of EU development policy differs from region to region, but the ACP countries are accorded special treatment. The DG DEV (Directorate-General for Development), has been assigned to deal with them exclusively and assistance to them is funded by the European Development Fund (EDF), which is separate from the regular EU budget.⁶³ Development policies for other countries are funded by the regular EU budget. Economic relations with all developing countries except the ACPs are administered by DG RELEX (Directorate-General for External Relations).⁶⁴ As far as the Council and the European Parliament are concerned, the Foreign Affairs Committee of the Council and the Development Committee of the EP are responsible for overseeing and monitoring external relations and development policy, respectively.⁶⁵ DG External Affairs, is responsible for collaboration with Asian and Latin American countries. This includes relations with countries that are part of the European Neighbourhood Partnership. The third programme is called Europe Aid, which is responsible for development aid in non-European states.⁶⁶

⁶⁰ Ibid, 232.

⁶¹ Damien Helly, "The EU and Africa since the Lisbon Summit of 2007: Continental Drift or Widening Cracks," *South African Journal of International Affairs* 20, no.1 (April 2003): 143-144.

⁶² Woolcock, *European Union Economic Diplomacy*, 155.

⁶³ Martin Holland and Mathew Doidge, *Development Policy of the European Union* (Hampshire: Palgrave Macmillan, 2012), 100; Dhananjay Tripathi, *Development Role of the European Union in South Asia* (New Delhi: Vij Books India Pvt. Ltd., 2011), 56.

⁶⁴ Martin Holland and Mathew Doidge, *Development Policy of the European Union*, 101.

⁶⁵ Ibid, 97-98.

⁶⁶ Eurostep, *The Lisbon's Treaty Provisions on External Relations*, 3.

These DGs, are also responsible for the programme of Technical Aid to the Commonwealth of Independent States (TACIS) that has been designed to render assistance to twelve Eastern European and Central Asian countries since 1991. These include Azerbaijan, Armenia, Georgia, Belarus, Moldova, Kazakhstan, Turkmenistan, Russia, Tajikistan, Kyrgyzstan, Ukraine, Mongolia, and Uzbekistan. Under the Euro-Mediterranean Partnership (EMP) the EU gives assistance to twelve countries of the Mediterranean region, Turkey, Tunisia, Morocco, Algeria, Israel, Cyprus, Egypt, Malta, Jordan, Lebanon, the Palestinian Territories. Libya and Syria are currently suspended.⁶⁷ All these countries are recipients of EU development aid; but the extent varies from country to country.

Conclusion

In this essay, an attempt has been made to critically evaluate the development policy of the EU through the prism of supranationalism and intergovernmentalism. The fact that development policy is a shared competence between the EU and its member states is the starting point in the process of evaluation. The supranational institutions of the EU, such as the Commission and the Parliament have made considerable efforts to improve this policy area, but the Council and the member states are not very keen to bring about any improvement, owing to their eagerness to secure short term benefits and interests. Since it is a shared competence, the EU cannot ignore the member states' interests; rather, it is obliged to welcome their domination in this regard. Various interest groups in member states work hard to fulfill their own and the national agendas at the cost of the EU. Similarly, the international institutions like the World Bank, the IMF, the WTO and the UN also influence discourse on development policy. Therefore, the most important conclusion arrived at in this article is that this policy area has strong intergovernmental features. Although, member states have apparently given some leverage to the Commission to take decisions on their behalf, they in fact wield great influence on policy-making in the realm of development assistance, which allows them to protect and promote their respective national interests, which are often short-term in nature. This reveals a myopic vision with regard to the developing world and its problems.

⁶⁷ Dhananjay Tripathi, *Development Role of the European Union in South Asia*, 81.