

Institutional Architecture of EU Development Policy

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Abstract: *The European Union (EU) plays a crucial role in the international development process, as it is the biggest global aid donor providing more than half of the world's development aid. The paper analyses institutional architecture of the EU development policy. It starts with evolution of EU development policy, outlines its legislative framework, key milestones and main objectives. The author further focuses on EU institutions that play pivotal roles in organization, administration and management of the EU development policy, i.e. European Commission, European Parliament and Council of the EU. The paper explores roles, competencies and policy-making processes in these institutions from the development aid perspective and evaluates how the development aid reform aimed at better coordination and consistency of EU aid activities has affected them. It primarily addresses processes of de-concentration and the pursuit of coherence, complementarity and coordination.*

Keywords: *European Union, development aid, institutions, European Commission, European Parliament, Council of the EU*

Introduction

The European Union (EU) plays a crucial role in the international development process. It has a unique position since it is both a bilateral donor (support channelled through the European Community (EC) and a multilateral donor (development aid of its 27 member states) (Carbone 2007: 1). Combination of these two dimensions makes the EU the biggest aid donor in the world providing more than half of the global development aid. In 2007,

the European Commission and EU member states collectively accounted for 60 % of total development assistance to more than 160 countries, territories and organisations worldwide (European Commission 2008: 5).

Development policy is an integral and significant part of the European Union's external action. It is based on articles 177–181 (130u–130y) of the *European Community (EC) Treaty* and also governed by articles 310 (238) (*Cotonou Agreement* and various association agreements), 133 (113) (Generalised Scheme of Preferences and Co-operation Agreements) and 308 (235) (Financial and Technical Assistance to Asian and Latin American Developing Countries) of the European Community Treaty (European Parliament 2002). Development policy falls under the shared competence of the Community and member states, which means that it has a complementary nature and does not exclude development activities of its members.

The paper analyses institutional architecture of the EU/EC development policy. It starts with evolution of EU/EC development policy, outlines its legislative framework, key milestones and main objectives. The author further focuses on EU institutions that play pivotal roles in organization, administration and management of EU development policy, i.e. European Commission, European Parliament and Council of the EU. The paper explores roles, competencies and policy-making processes in these institutions from the development aid perspective and evaluates how the development aid reform aimed at better coordination and consistency of EU aid activities has affected them. It pays primary attention to processes of de-concentration and the pursuit of coherence, complementarity and coordination. The wider aim of the paper is to contribute to both scientific and general debate on the development policy which is still rather modest and limited in the Czech Republic's environment.

Evolution of the EU development policy

The basic legislative framework for EU/EC development cooperation policy is to be found in the *Treaty establishing the European Economic Community* in Part IV (articles 131–136) and in *Annex IV: Overseas countries and territories to which the provisions of Part IV of the Treaty apply* (Treaty establishing the European Economic Community 1957). These provisions deal with association of overseas countries, trust territories and colonies, but do not contain expressions such as development aid or development policy (Ureta 2001: 54). The development policy area was incorporated into the EC primary legislation by the *Treaty on the European Union*.

The Treaty on the European Union established the principles of coordination and complementarity of EU aid programs and for the first time laid down general development policy objectives (Hadfield 2007: 46). According to the Article 177, the community aid policy 'shall foster in the developing countries: sustainable economic and social development; smooth and gradual integration into the world economy; the campaign against poverty' (Treaty on the European Union 1992). The EU understands this objective in a multidimensional sense, as it entails 'intervention in the areas of economics and trade as well as in the social, cultural, environmental or governance spheres' (DG Development 2005).

A very special position in the EU development process is retained by 78 African, Caribbean and Pacific (ACP) Countries. With regard to the limited extent of this paper, it is sufficient to stress here that the development cooperation with ACP Countries and 21 Overseas Countries and Territories is managed by the European Development Fund (EDF) which was created in 1957 by the Treaty of Rome (Schmidt 2002). By contrast to the EU development aid to candidate states and poor countries (mainly in Asia and Latin America) funded by regular budget for external action, the EDF lies outside of the EU regular budget and is financed by member states' direct payments (Sida 2007). The Cotonou agreement of 2000 created specific joint institutions for cooperation between the EU and the ACP Countries, such as ACP-EU Council of Ministers, ACP-EU Committee of Ambassadors and Joint Parliamentary Assembly. For more than 30 years, one of the main development partners for most ACP and Overseas Countries has been the European Investment Bank that grants long-term loans and manages the Cotonou Investment Facility as well as contributions out of its own funds.

European Commission

The European Commission, which itself is a member of the Development Assistance Committee by the Organization for Economic Co-operation and Development, is responsible for the implementation of the EU development cooperation. As the European Union's executive body, it administers the organization of development cooperation and manages about one sixth of EU official development aid. Besides its roles as an initiator of legislation and engine for the harmonization of European policy in the development field, it also has a right of problem areas identification and proposal-making for its improvement (Ureta 2001: 55–56).

EU development policy concerns also other Community policies and activities such as the Common Foreign and Security Policy, Common Commercial Policy (e.g. the unified customs tariff and the system of customs preferences for developing countries) and the association and cooperation policy (a number of treaties on association or cooperation with third countries) (Ministerstvo zahraničních věcí ČR 2006). In 1998, the European Commission was given a specific mandate to improve coherence by taking into account the objectives of development cooperation in the implementation of other policies related to developing countries. Since April 2000 the EU development aid has been therefore undergoing a radical reform. In 2002, a so-called RELEX family was created. It is a grouping of directorates-general (DGs) dealing with third countries. The RELEX family includes Commissioner for Development and Humanitarian Aid, Commissioner for External Relations and Neighbourhood Policy, Commissioner for Trade and Commissioner for Enlargement

Responsibility for EU development and cooperation programs lies within the DGs Development (DG DEV), Humanitarian Aid (DG ECHO), External Relations (DG RELEX), Enlargement (DG ELARG) and EuropeAid (DG AIDCO) (Zach et al. 2007: 12). The Commissioner for Development and Humanitarian Aid is in charge of the DG Develop-

ment and the European Commission's Humanitarian Aid Office. The DG Development, which is in charge of EU assistance to the ACP Countries and the Overseas Countries and Territories, creates policy formulations both at global and sector levels and programs the use of financial resources. The European Commission's Humanitarian Aid Office was founded in 1992 and its explicit task is to provide not the long-term development aid, but the immediate humanitarian aid. It thus focuses on short-term emergency assistance and relief to victims of crises, disasters or armed conflicts (emergency aid, food aid and aid to refugees and displaced persons) (ECHO 2009).

Another significant reform step included establishment of a unified, special cooperation office. EuropeAid, also known as AIDCO, is the main implementation structure of the EU external aid programs (EuropeAid 2009). It deals with programs and projects of EU assistance to developing countries (pre-accession assistance to countries in transition and humanitarian activities do not fall within its competence) and is responsible for all phases of project cycle management (Ministerstvo zahraničních věcí ČR 2006). Moreover, it carries out feasibility studies, monitors and evaluates thematic and geographic strategies, prepares all necessary financial decisions and controls, coordinates development programs both inside and outside and publishes annual reports about progress in the development aid area (EuropeAid 2009; Svoboda 2005: 14–15). EuropeAid as well as all EU delegations falls within the authority of the Commissioner for External Relations and Neighborhood Policy. Since 2001 competencies, responsibilities and procedures within the European Commission has been governed by an Inter-service Agreement between DG RELEX, DG Development, and EuropeAid. Yet, there are numerous examples of unclear division of labor and overlap of disperse competencies.

For the development aid purposes, the Commission also uses its worldwide network of delegations (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung 2006: 6). Even though these delegations are potentially well-placed to understand local conditions in a particular developing country, they only have limited authority and insufficient expert staff (Wanlin 2007: 19). Yet, their position has been gradually improving due to the European Commission's internal reforms. Due to the process of de-concentration, delegations have assumed some tasks that were previously managed by EuropeAid and are playing an increasingly important role in programming and implementing processes (Zach et al. 2007: 18).

Policy areas that overlap with development aid can be found also outside the RELEX family; these include e.g. Civilian Crisis Management in DG Environment or the Common Agricultural Policy (Zach et al. 2007: 13). By an emphasis on the principle of coherence, the European Commission tries to ensure that all its policies and interventions do not run counter to objectives of its development cooperation. Yet, despite the recent EU aid reform and improved coherence in EU actions in developing countries, the Commission still faces criticism for the lack of effective monitoring and evaluation procedures, fragmented management of aid, unclear division of competences, shortage of own expertise in particular areas and poor management of its various policies (Wanlin 2007: 19, 30, 31). Potential proposals for a further reform and better performance as an aid provider include creation of a 'super-DG Development' that would take charge not only of the ACP Countries, but also

of developing countries in Asia and Latin America, or a change and clarification of the DG Development-EuropeAid relationship (Wanlin 2007: 31).

European Parliament

Development policy is the only external relations area in which the European Parliament has co-decision powers with the Council. This has been the case since the adoption of the Amsterdam Treaty in 1999. Under this procedure, the Council of the EU and the European Parliament jointly adopt legislation based on a proposal by the European Commission.

A separate committee has been established within the European Parliament to deal with the development aid issues — Committee on Development (DEVE). As one of 20 standing committees of the European Parliament in its sixth legislative period, it consists of 36 members which ranks it among medium-sized committees. It meets once or twice every month in Brussels. The Committee on Development is the Parliament's main actor in the promotion, implementation and monitoring of the development and cooperation policy of the EU, notably through: (a) political dialogue with developing countries, bilaterally and in the relevant international organizations and inter-parliamentary forums; (b) aid to, and cooperation agreements with, developing countries; (c) promotion of democratic values, good governance and human rights in developing countries' (European Parliament 2007). It also plays a significant role in the EU-ACP relationship, as its members participate in the ACP-EU Joint Parliamentary Assembly. The Committee on Development often voices opinions and publishes reports out of its own initiative (e.g. the EU Africa Strategy), organizes hearings (e.g. Fair Trade, Economic Partnership Agreements), may submit oral or written questions to the Council and the Commission (e.g. development and sports), and write letters to the Council and formulate demands (Zach et al. 2007: 19). Owing to the complexity of the development aid issues and emphasis on coherence of various policies, the Committee on Development closely cooperates with other European Parliament's committees, such as Committee on Budgetary Control, Committee on Foreign Affairs, Human Rights Committee, Committee on Security and Defence, Committee on Agriculture and Rural Development, International Trade Committee.

One of the European Parliament's key competences is a budgetary power. In the inter-institutional procedure between the European Parliament, Council and Commission, which is renewed every seven years, it is the Parliament that has the last word about the budget lines for development cooperation. The Committee on Development has the responsibility for the budget lines grouped under title 21 of the budget relating to Development and relation with ACP countries, lines under title 23 on Humanitarian aid, lines concerning Asia and Latin America, as well as the Mediterranean area and the area of human rights and development (title 19: External relations) (European Parliament 2007). It also scrutinizes the budget connected to trade with developing countries (title 20: Trade) and overviews administrative budget of Commission's departments dealing with development cooperation (European Parliament 2007). Yet, the European Parliament has no competence over the precise fund

allocation. It does not control the ACP aid financed by the European Development Fund either, since this funding is separated from the EU general budget and managed by a special EDF Committee.

The European Parliament and its Committee on Development exercise also supervisory powers over the European Commission as well as over some aspects of work of the EU Council and the European Central Bank. These activities include e.g. hearings of Commissioners, hearings of experts, meetings with Commissioners, meetings with the Council Presidency or questions to the Council and to the Commission. Since the adoption of *Development Cooperation Instrument* in 2007, the European Parliament has been exercising stronger powers of scrutiny over the implementation of the legislation. This power of scrutiny is carried out in two ways: 'a) the formal scrutiny power set out in the Comitology Decision that permits Parliament to signal cases in which the Commission appears to exceed its authority [...]; b) the informal scrutiny power set out in exchanges of letters between Commissioner for Development and Humanitarian Aid, Commissioner for External Relations and the Chairs of the Committees on External Relations and Development' (European Parliament 2007). Despite the gradual increase of European Parliament's powers, the Parliament — alongside many experts — argues that its scrutiny of EU development aid is not sufficient.

Council of the EU

In analogy to the internal heterogeneity of the European Commission, the functioning of the Council of the EU (sometimes also referred to as the Council of Ministers), composed of representatives of member states, is also very complex (Zach et al. 2007: 13). The issue of development aid is handled by the General Affairs and External Relations Council. Ministers in charge of international development aid usually meet once every six months (once under each Presidency) for an Informal Development Council. Their meetings used to have a formal status within a specific Development Council. This formation was, however, suppressed after the Seville European Council in 2002 (Zach et al. 2007: 13). This organizational change can be understood as a certain parallel to the European Commission's efforts to integrate development policy with other aspects of external relations. Despite aforementioned efforts for better coordination there has been a call within the EU itself for a more systematic and comprehensive approach by the Council of Ministers with an emphasis on strategic statement of development policy, synchronization of a heavily segmented structure of its policy-making and creation of multi-year work plans (Dearden 2007).

Last but not least, an important role is played also by Permanent Representations to the EU of all member states which work on development issues at officials' level and tries to work out compromises between member states' interests. (Zach et al. 2007: 13)

Conclusion

The aim of this paper was to examine an institutional framework of the EU development policy. It has reflected and assessed affects of the EU policy development reform initiated in 2000 and its pursuit of coherence, complementarity and coordination in its external assistance programs worldwide.

In spite of reforms and significant improvements in implementation of EU development aid, the coordination within and between EU institutions is still to be improved. A major step further was the adoption of the *European Consensus on Development* in December 2005. It was for the first time that three key EU institutions (the Council of the EU, the European Parliament and the European Commission) signed a joint policy document in which they agreed on a set of common values, principles, goals and visions for development policies (European Parliament et al. 2006). As a result, the EU institutions nowadays try to take more into account the interaction and complementarity between development aid policy and other policies with an impact on developing countries, such as trade, agriculture, fisheries, foreign and security policies, migration and research (European Commission 2008:4). Nevertheless, the EU aid policy and its institutional set-up still face a lot of challenges. It is undergoing a period of transition and the need for more coherence, better coordination and more efficient harmonization within and between EU institutions and policies still remains an issue that is unlikely to disappear in near future (Wanlin 2007: 31).

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