

## *Hearings of European Commissioners-designate*

# Neven Mimica

## *International Cooperation and Development*

Hearing due to be held on Monday 29 September at 18.30 hours.



*Neven Mimica, Croatia.*

**EP Committee responsible for the Hearing**  
Development (DEVE)

### **Biography**

Born in 1953, Neven Mimica holds a Master's degree in economics. From 1997, after a diplomatic career, he served as chief negotiator for the Croatia for the Stabilisation and Association Agreement with the EU and for WTO accession. He was Minister for European Integration from 2001 to 2003 and Deputy Prime Minister in charge of home, foreign and European affairs from 2011 to 2013. In July 2013, on Croatia's accession to the EU he became Commissioner for consumer policy in the outgoing Commission.

*This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. A full set of such Briefings can be found at:*

[http://eprthinktank.eu/commissioner\\_hearings](http://eprthinktank.eu/commissioner_hearings)

## Background

While in 2013 global wealth reached a new all-time high of US\$241 trillion, growing 4.9% compared to 2012, 1.2 billion people – 17.7% of the world population – still had to survive on less than US\$1.25 a day. Although the global extreme poverty rate is decreasing, mostly due to rising income in China, growing inequalities overshadow the prospects of global development and put at risk social and economic stability. Today, the wealth of the bottom half of the world's population is the same as that of the richest 85 people in the world, and this division is widening.

Due to its financial contribution and agenda-setting influence across various international forums, the EU, although it suffers from fragmentation of its (national and EU) development policies, is one of the major shapers of the global development effort. Despite budgetary constraints induced by the economic crisis, which contributed to a reduction of 2% in the EU's overall development aid in 2012, the EU remains the key provider of official development assistance (ODA). In 2012, 20% of the €55.2 billion total aid was administered by the Commission, with the remaining 80% by Member States.

EU citizens' support for development aid remains high despite the economic situation. A 2013 Eurobarometer survey shows that 83% think it is important to help people in developing countries. Some 61% of respondents favour an increase in EU aid.

### Treaty base and EP competence

Articles 208 to 211 of the Treaty on the Functioning of the European Union (TFEU) contain provisions on EU development policy, defined as a shared competence of both the EU and Member States. The EP is co-legislator, together with the Council, in the framework of the ordinary legislative procedure (Article 212(2) TFEU in conjunction with Article 209 TFEU).

The 11 consecutive European Development Funds (EDFs) – administered by the Commission – are based on intergovernmental agreements: from the Convention on Overseas Countries and Territories (OCT) annexed to the Treaty of Rome, through two Yaoundé Conventions, four Lomé Conventions, up to the revised Cotonou Agreement for the current, 11th EDF.

## Major recent developments

The EU's overall development policy goals and principles, agreed on in the 2005 European Consensus on Development, were complemented in the Commission's 2011 **Agenda for Change** communication. It aims at more effective cooperation and higher impact in terms of poverty reduction – the main goal of EU policy in the field – based on principles of strategic prioritisation, concentration, differentiation and EU coordination.

The 2013 communications '**A decent life for all: Ending Poverty and Giving the World a Sustainable Future**' and '**Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development**' set out the common EU vision for post-2015 goals and financial tools adapted to achieve it.

The EU has two main financial instruments to implement development policy goals:

- The **Development Cooperation Instrument (DCI)** covers developing countries in Asia, Latin America, South Africa and the Middle East, as well as thematic and Pan-African programmes, with **€19.7 billion for 2014-20** from the EU budget. The EP is co-legislator, and also participates in strategic dialogue on programming documents.
- The **European Development Fund (EDF)** covers ACP countries and OCT, with a budget of **€31.6 billion for 2014-20**. For historical reasons it is separate from the EU

budget, with the EP only able to undertake non-binding scrutiny of programming documents and give discharge to the Commission for management of the fund.

The Commission is actively working on the development of **innovative sources of financing**, in particular by strengthening the **blending mechanisms**, for combining grants with commercial capital flows. Since 2007, eight regional blending facilities have been set up, covering all regions of EU external cooperation. The **EU platform for Blending in External Cooperation**, involving representatives of the EP was set up at the end of 2012, to respond to criticism on transparency and lack of legitimacy in the management of blending facilities.

At institutional level, the responsibility for EU development policy formulation has moved from the Commission to the **European External Action Service (EEAS)**, creating some issues related to division of responsibilities.

### European Parliament

In the framework of the negotiation of the new DCI, the EP has secured a 20% benchmark for investment in social services and secondary education, and a human-rights-based approach to development. Under the new agreement the EP will have more oversight over policy and financial allocations, as well as a stronger role in strategic decision-making on development policy.

During the previous term the EP has also formulated positions that will shape the future of EU development policy. The EP has repeatedly called on the Commission and Member States to enhance aid effectiveness by **improving the coordination and implementation of the division of labour** between Member States and the Commission, regretting the lack of respect for the main commitments in this regard.

#### European Added Value

Improved coordination between EU and Member States' development policies has the potential to generate significant savings. According to a Cost of Non-Europe Report from the EP's European Added Value Unit, around €800 million could be saved annually by cutting transaction costs due to aid fragmentation. More ambitious savings, of up to €8.4 billion, could be realised if aid allocation was completely coordinated at EU level, and focused on poverty reduction alone.

In a resolution adopted in December 2013, the EP adopted an own-initiative report (Mitchell report) asking the Commission to present a **legislative proposal on EU donor coordination** no later than the first half of 2016. Indeed (insufficient) donor coordination is one of the main weaknesses jeopardising the EU's development effort and its perception among beneficiaries.

In order to speed up progress in the field of policy coherence for development (PCD), the EP called in a resolution of 18 May 2010 for **the appointment of a standing rapporteur for PDC**, informing the Development Committee on incoherence between development policy and other EU policies. The 2014 PCD report identifies tools and methods to enforce PCD, mainly through coordination and arbitration mechanisms, both in the EP and in the Commission. The Development Committee has given strong support to the Commission's proposal to make **2015 the EU year for development**.

### Main priorities and challenges ahead

EU development policy will have to continue to adapt to the changing landscape of global cooperation, in particular:

- **New donors with competing models of development:** emerging countries are increasingly involved in development cooperation built on the idea of mutually beneficial South-South interaction
- **Increased role of the private sector in development** with its inherent issues of legitimacy and potential conflicts of interest;
- **ODA redefinition and statistical 'revolution'** needed in order to improve the programming and evaluation of policies.

At international level, **the final negotiation of post-2015 sustainable development goals** will dominate the development agenda in 2015. Some commentators question the ability of the EU to present itself as a credible and homogeneous actor, fearing that differences between Member States' positions weaken the potential for EU action.

The **re-engineering of development finance** in the framework of post-2015 agenda implementation, given the diversification of finance available to developing countries and the budgetary constraints of traditional OECD donors, will be an important issue.

At EU level, several challenges will be the focus of attention:

- the **'budgetisation' of the EDF**, which would enhance EP scrutiny, is being discussed in the framework of the complex reflections on the potential successor of the Cotonou agreement expiring in 2020;
- the long-standing issue of **policy coherence for development** that needs to be promoted internally, across EU policies, and at the international level; and
- **Increasing 'securitisation' of EU development policies** related to new strategic interest potentially challenging its established normative basis.

### Further reading

[Foreign policy and development in the post-Lisbon European Union](#) / Smith M. in Cambridge Review of International Affairs, 2013, 26:3.

[The Cost of Non-Europe in Development Policy](#) / Nogaj M, European Added Value Unit, 2013.

[L'engagement du secteur privé dans la coopération au développement: Les formes de coopération public-privé](#) / Latek M, European Parliamentary Research Service, 2014.

[A general survey of development policy](#) / Factsheets on the EU, EP, 2014.

[Annual Report 2014 on the European Union's development and external assistance policies and their implementation in 2013](#) / European Commission, 2014.

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