A GENERAL SURVEY OF DEVELOPMENT POLICY

Development policy lies at the heart of the European Union’s external policies. It aims at eradicating poverty, fostering sustainable growth, defending human rights and democracy, promoting gender equality and tackling environmental and climate challenges. The EU works on a global scale and is the world’s largest development donor. Cooperation with EU Member States and alignment with the United Nations 2030 Agenda for Sustainable Development are key to the efficient delivery of aid.

LEGAL BASIS

— Article 21(1) of the Treaty on European Union (TEU): overall mandate and guiding principles in the field of EU development cooperation;
— Articles 4(4) and 208 to 211 of the Treaty on the Functioning of the European Union (TFEU);
— Articles 312 to 316 of the TFEU: budgetary matters;
— The Cotonou Agreement (as regards the African, Caribbean and Pacific (ACP) group of states) and various bilateral association agreements (under Article 217 of the TFEU): specific cooperation agreements.

POLICY FRAMEWORK

The European Union supports developing countries by promoting sustainable development. The long-term objective is to eradicate poverty, a goal that has been central to the EU’s external policies since the establishment of the European Development Fund (EDF) under the 1957 Treaty of Rome. The EDF covered former colonies in the African, Caribbean and Pacific (ACP) regions. Currently the EU works with some 160 countries around the world, focusing on ACP countries, countries aspiring to EU membership, the EU’s Eastern and Southern Neighbourhood partners, Asia and Latin America.

The EU and its Member States together represent the world’s leading aid donor, providing EUR 75.5 billion in official development assistance (ODA) in 2016. Development cooperation is a shared competence of the EU: the Union is able to carry out a common development policy, provided it does not prevent Member States from exercising their own competences on the matter. The level of cooperation is such that Member States’ development agencies often implement EU-funded programmes.

The EU has become an international leader on policy coherence, striving to mainstream development goals into all of its policies that affect developing countries. To that effect, it adopted in 2005 a political commitment on ‘Policy Coherence for Development’ (PCD). In 2009, this strategy was grouped into five areas: (1) Trade and finance, (2) Addressing climate change, (3) Ensuring global food security, (4) Making migration work for development,
(5) Strengthening the links and synergies between security and development in the context of a global peacebuilding agenda. A biennial Commission report tracks the EU’s progress in the area of PCD; the most recent was published in August 2015.

Development aid is a limited resource. For this reason, the EU is committed to aid effectiveness and promotes close relationships with partner countries in the programming and implementation of development actions. The EU’s 2007 ‘Code of Conduct on the Division of Labour in Development Policy’ and 2011 ‘Operational Framework on Aid Effectiveness’ were both adopted with this in mind. These efforts are consistent with international actions responding to the OECD’s 2005 Paris Declaration, which promotes ‘ownership, harmonisation, alignment, results and mutual accountability’ in development aid. The international framework for aid effectiveness has undergone two revisions, in the Accra Agenda for Action (2008) and the Busan Partnership for Effective Development Cooperation (2011).

A. The UN 2030 Agenda for Sustainable Development

The EU actively participated in drawing up the UN 2030 Agenda for Sustainable Development, which establishes a new global paradigm to help eradicate poverty and achieve sustainable development. Approved in New York in September 2015, it follows on from the Millennium Development Goals (MDGs) with a new set of 17 Sustainable Development Goals (SDGs), focused on economic, social, environmental and governance objectives to be achieved by 2030.

B. New European Consensus on Development and the EU Agenda for Change

Following the approval of the 2030 Agenda, the EU agreed on a revised version of the 2005 European Consensus on Development, which relied on the MDGs. The new Consensus sets out the main principles of the SDGs and a strategy for reaching them, which will guide the development policy of the EU and its Member States over the next 15 years through their external and internal policies. Eradicating poverty remains the primary objective of European development policy. The Consensus was signed on 7 June 2017 by the President of the European Parliament, the Prime Minister of Malta on behalf of the Council of the EU and the Member States, the President of the Commission and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy.

On an internal level, the Commission published in November 2016 a communication entitled ‘Next steps for a sustainable European future’, which integrates the SDGs into the European policy framework and current EU priorities. Looking beyond its borders, the EU has recommitted to the target of spending 0.7% of its GNI on development aid, in line with the commitments made in the Addis Ababa Action Agenda (approved in July 2015), which lays the foundation needed to implement the 2030 Agenda.

Furthermore, the EU’s development policy within the current programming period of 2014-2020 follows the EU Agenda for Change. This agenda was approved by the Council in May 2012 with the aim of increasing the impact of EU development policy. It establishes ‘the promotion of human rights, democracy, the rule of law and good governance’ and ‘inclusive and sustainable growth’ as the two basic pillars of development policy. The text also states that resources should be targeted at ‘countries most in need’, including fragile states and least developed countries (LDCs). A new principle of ‘differentiation’ is introduced to tailor aid volumes and instruments to each country’s specific needs and governmental performance.

C. Legislative and financial framework

The EU’s financing instruments for external action (see Table 1 below) will change as a result of the negotiation of the new 2021-2028 EU Multiannual Financial Framework (see separate Fact Sheet 1.4.3 on this issue), which started in 2018 and should be concluded by late 2019.
or early 2020. In June 2018, the Commission launched a proposal for a Neighbourhood, Development and International Cooperation Instrument (NDICI) that merges most of the existing instruments. Parliament and the Council are co-legislators on this matter and have not adopted a stance on it yet.

D. Main financing instruments for external action

Table 1: Overview of the EU’s external action financing instruments (MFF 2014-2020)

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Focus</th>
<th>Format</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Cooperation Instrument (DCI)</td>
<td>Latin America, Asia, Central Asia, Gulf region, South Africa + global thematic support</td>
<td>Geographic + Thematic</td>
<td>EUR 19.7 billion</td>
</tr>
<tr>
<td>European Neighbourhood Instrument (ENI)</td>
<td>Sixteen European Neighbourhood countries, Russia (regional and cross-border cooperation)</td>
<td>Geographic</td>
<td>EUR 15.4 billion</td>
</tr>
<tr>
<td>Instrument for Pre-Accession (IPA)</td>
<td>Balkans and Turkey</td>
<td>Geographic</td>
<td>EUR 11.7 billion</td>
</tr>
<tr>
<td>Partnership Instrument (PI)</td>
<td>Industrialised countries</td>
<td>Geographic</td>
<td>EUR 955 million</td>
</tr>
<tr>
<td>Instrument for Greenland</td>
<td>Greenland</td>
<td>Geographic</td>
<td>EUR 184 million</td>
</tr>
<tr>
<td>European Instrument for Democracy and Human Rights (EIDHR)</td>
<td>Democracy and human rights promotion</td>
<td>Thematic</td>
<td>EUR 1.3 billion</td>
</tr>
<tr>
<td>Instrument contributing to Stability and Peace (IfSP)</td>
<td>Political stability and peace-building</td>
<td>Thematic</td>
<td>EUR 2.3 billion</td>
</tr>
<tr>
<td>Instrument for Nuclear Safety Cooperation (INSC)</td>
<td>Nuclear safety</td>
<td>Thematic</td>
<td>EUR 225 million</td>
</tr>
<tr>
<td>Off-budget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Development Fund (EDF)</td>
<td>ACP and Overseas Countries and Territories (OCTs)</td>
<td>Geographic</td>
<td>EUR 29.1 billion</td>
</tr>
</tbody>
</table>

Of these instruments, two are particularly important for development cooperation in terms of their size and focus:

The Development Cooperation Instrument (DCI) is the largest development funding source within the EU budget, covering development cooperation with Latin America, selected countries in the Middle East, South Africa and Central, East, South and South-East Asia. The DCI also has two thematic programmes covering all developing countries: the EUR 5.1 billion Global Public Goods and Challenges (GPGC) programme, and the EUR 1.9 billion Civil Society Organisations and Local Authorities (CSO-LA) programme. One of the most important innovations of the DCI for 2014-2020 has been the introduction of a ‘differentiation’ principle. A total of 16 middle-income countries (MICs) are no longer eligible for grant-based bilateral EU funding, although they may continue to be covered by regional and thematic cooperation. As a result of negotiations between the Council and Parliament, five MICs (Cuba, Colombia, Ecuador, Peru and South Africa) are considered ‘exceptional cases’ and remain eligible for cooperation. Turkmenistan and Iraq, which have graduated to become upper-middle-income countries, also continue to receive bilateral aid on an exceptional basis.
The European Development Fund (EDF) is the EU’s oldest and largest development instrument. The EDF is not part of the EU budget. It operates under the framework of the Cotonou Agreement and covers cooperation with the ACP states and the Union’s overseas countries and territories (OCTs). Its key areas are economic development, social and human development, and regional cooperation and integration. The 11th EDF has a budget of EUR 29.1 billion, including EUR 24.3 billion for national and regional cooperation, EUR 3.6 billion for intra-ACP cooperation and EUR 1.1 billion for the ACP Investment Facility. Funds are allocated using a ‘rolling programming’ system, in which partner countries are involved in determining cooperation priorities and projects. The Cotonou Agreement will expire in 2020 and the negotiations on the future relationship between the European Union and the ACP countries will start in early October 2018 and must end before the Agreement expires in 2020.

ROLE OF THE EUROPEAN PARLIAMENT

— Legal framework. Article 209 of the TFEU states that Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of development cooperation policy’. This places both institutions on an equal footing, making development one of the very few foreign policy areas in which Parliament holds such powers. The negotiation of the regulation of the EU’s external financing instruments, notably the DCI, has underscored the importance of Parliament’s work as co-legislator and has led to the creation of new mechanisms to enhance parliamentary scrutiny. In 2014, for the first time, the Commission and Parliament’s Committee on Development held a strategic dialogue, allowing Parliament to participate in the decision-making process for DCI programming documents.

— Parliamentary scrutiny over policy implementation. Parliament has the right to question the Commission and even object to implementing decisions whenever it finds that proposals promote causes other than development (e.g. trade, fighting terrorism, etc.) or that the Commission is exceeding its powers. Parliament also exerts control by regularly discussing policies with the Commission, in both formal and informal settings. The mid-term review of the cooperation and development instruments is taking place between 2017 and 2018. Parliament has engaged in this review in the framework of the strategic dialogue with the Commission. Control over the EDF is exercised through a process of political scrutiny over EDF programming documents by Parliament’s Committee on Development and via the ACP-EU Joint Parliamentary Assembly (JPA).

— Budgetary authority. The Treaty of Lisbon establishes Parliament and the Council as the joint budgetary authority of the Union. For the seven-year MFF, the Council retains the primary power of decision, but requires the consent of Parliament to adopt the framework (Article 312 of the TFEU). For the annual budget, Article 314 of the TFEU lays down a procedure that includes one reading each by Parliament and the Council. Once these readings are concluded, Parliament can approve or reject the budget. In the field of international cooperation, Parliament’s Committee on Development follows budgetary deliberations and makes concrete suggestions concerning the budget lines falling within its remit. However, Parliament has no formal budgetary powers over the EDF, as the overall amount and distribution are negotiated at intergovernmental level between the Council and the Commission, with only advisory input from Parliament. In addition, Parliament has the right to grant discharge to the Commission, both with regard to the EU budget and the EDF.

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