CHAPTER – 4

MAJOR ISSUES IN EUROPEAN DEVELOPMENT COOPERATION
Chapter 4
Major Issues in European Development Cooperation

Introduction

The international development cooperation of the European Union (EU) is a ‘shared competence’ in that the European Community (EC) part falls under the first pillar, but the Member States have also retained the right to continue to pursue their own bilateral development programmes. Since the EC does not have exclusive competence in this policy sector there is the need to encourage as extensive coordination and complementarity as possible between all the development cooperation programmes of the Member States and the Community.\(^1\) Moreover, from the initial stages the EC linked trade with development and the Community attempted to establish a free trade area between Europe and the African countries by offering free access to its market for goods from its African colonies. At that juncture, an element of coherence could be observed between the Community’s development cooperation and trade policies, as trade policies were chalked out in the fashion that contributed to the development of the African, Caribbean, and Pacific (ACP) countries. At the same time, one could also witness incoherence between the development cooperation policy and other policies of the Community, which inevitably reflected in its practice as well.

The European development cooperation remains a work at two - the European and the national – levels. There were attempts to Europeanise the development programme on the one hand and the member states wanted to play their individual (besides their collective) role, on the other. Opinion is divided in this regard and while some scholars advocate Europeanisation others call for renationalization, meaning an active role for the individual member states, reducing the European Commission as the\(^{29}\) member. This is another major issue which continues to haunt the development cooperation policy and programme of the Union. Here, in the following pages an effort has been made to analyse the incoherence that had set in the European development

\(^1\) Therese Brolin, “EU and its Policies on Development Cooperation”, Perspectives, no. 8, October 2007, p. 7.
cooperation policy and practice, which has invariably affected its effectiveness and outcome. The issue of Europeanisation of the development cooperation programme and the resistance of the member states to such a process is also dealt with elaborately.

**Coherence Gap**

While the Lomé I Convention ensured free access for all products originating from ACP countries to the EC market, agricultural products covered by the Common Agricultural Policy (CAP) were exempted from this free access status and were simply granted preferential treatment only.\(^2\) This was, of course, in tune with the Community policy in regard to trade on agricultural products, in order to protect and promote the interest of the European agricultural community. This practice of European policies working at cross purposes as a result of ever-clashing selfish and philanthropic interests had caused serious debate and discomfiture in Europe, since this “coherence gap” reflected negatively on the credibility of the EU in the international arena and on its stated commitment to international development.\(^3\) In spite of the awareness of this coherence gap, no worthwhile action was taken to bridge the gap, which continued to get widened in the 1980s and early 90s.

**Policy Coherence**

Coherence is all about aiming and ensuring that the aims and objectives of European Development Cooperation Policy (DCP) are not undermined by the EU's other policies which have an external impact.\(^4\) Paul Hoebink, a well-known Development Economist, who had been commissioned to study the effectiveness of the poverty reduction programme of the Union, defines ‘policy coherence’ as “the nonoccurrence of policies or the results of policies that are contrary to the objectives of a given policy”. He classifies three types of coherence: “coherence is then coherence within development policy itself; internal coherence is coherence between foreign policy and development

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\(^4\) John Madeley and Clive Robinson, "Brussels' blind spot - the lack of coherence between poverty eradication and the European Union's other policies", APRODEV, October 1999, pp. 3-4
policy; and external coherence is coherence between development policy and other, such as trade, agriculture, fisheries, and immigration, policies of the European Union”.5

Nuttall too makes a distinction between three types of coherence: horizontal, institutional and vertical. While horizontal coherence means that policies with external implications in different issue areas should be consistent with each other, the institutional coherence refers to consistency of external policies emanating from the various EU institutions. On the other hand, vertical coherence addresses consistency among member states and between member states and EU policies. Nuttall further argues that, “Credibility in this context mainly refers to the assumption that in order to be a successful leader, the EU’s external ambitions as a policy entrepreneur have to be matched by ‘domestic’ policies that demonstrate that the Union does what it preaches. The EU has to set good examples but also to actually implement its own policy ideas”.6

**Policy Coherence for Development**

Policy coherence for development (PCD) may be broadly defined as “taking account of the needs and interests of developing countries in the evolution of the global economy”.7 The realization on the part of the EC that its development cooperation activities have failed to achieve desired impact on the developing world forced it to review its policy and practice in this regard. On finding that one of the major reasons for the failure was the incoherence in the policy and practice of development cooperation with other policies of the Community and the lack of coordination between the Community and its member states, the Europeans attempted to bring in the necessary coherence and consistency into the development cooperation framework. For the first time, the Treaty of Maastricht or the Treaty on the European Union (TEU) sets out the

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objectives of a common European development policy as part of an attempt to reduce inconsistencies between different policies (Title XVII, Article 130u).

PCD found its way into Europe in Article 130v of the TEU which reads: ‘The Community shall take account of the objectives referred to in Article 130u in the policies that it implements which are likely to affect developing countries’. This is known in the field of development cooperation as the Maastricht Treaty’s ‘coherence article’. The purpose is not to create a single development policy but to ensure the bilateral policies of all the member states consistent and complementary with the common policy.\(^8\) Thus, Article 130x reads: ‘The Community and the member states shall coordinate their policies on development cooperation and shall consult each other on their aid programmes . . .’. The Treaty sets out a number of objectives, which include the aim to achieve more coordination with the programmes of the member states, greater coherence between different policies formulated and carried out by the Community, and effective complementarity between the Community’s and the member states’ bilateral programmes.\(^9\)

The Amsterdam Treaty (1997) added a fourth principle: consistency of all external activities of the European Union. The principle of coherence is also supported by Article C of the European Union Treaty which maintains: “The Union shall in particular ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies”.

The Maastricht Treaty officially included DCP among the main functions of the EU and also included development cooperation for the first time among the competences of the Union, to be exercised in a complementary fashion with the development policies of the member states (Art. 177 TEC). The Community and the member states “shall coordinate their policies on development co-operation and shall consult each other on their aid programmes, including international organisations and during international conferences” (Art. 180 (1) TEC).


In addition, the objectives of the European DCP are expected to be coherent with the fundamental values that underpin the Union’s rationale as well as existence such as the promotion of world peace and the settlement of conflict through dialogue, the development and consolidation of democracy and the constitutional state, the observance of human rights and the fundamental freedoms, equity and solidarity.\(^{10}\)

**The ‘Three Cs’**

The ‘new’ policy was founded on what is often referred to as the ‘three Cs’: (i) that the development cooperation policy *vis-à-vis* developing countries and other policies of the Community must be *coherent*, (ii) that Union policy and Member State policies in the area of development cooperation must be *complementary* and not contradictory to each other, and (iii) that the Union and the Member States are obligated to *coordinate* their efforts in the field of development cooperation. The Council and the Commission were assigned with the responsibility of ensuring such consistency and were expected to cooperate to this end.\(^{11}\)

**EU’s Commitment to PCD**

As soon as the Maastricht Treaty was signed, EU Development Ministers considered its implications for their work and declared: "The Council recognises the linkage between development cooperation policy and other Community policies. It also recognises the need to take account of their impact on developing countries, which can be significant. The Council urges the Commission to consider how this impact assessment might be carried out more systematically especially with regard to new proposals".\(^{12}\) Title XX, Articles 179–81 called for reduction of inconsistencies between different policies of the Union and the PCD was retained as Article 178 of the Treaties of Amsterdam and Nice. Still, nothing worthwhile was done to achieve something substantial in regard to PCD and that makes Carbone to term that period as the era of “passivism”.\(^{13}\)

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\(^{10}\) Bonaglia et al, n. 2, p. 170
\(^{11}\) Madeley and Robinson, n. 4, p. 3.
\(^{12}\) Ibid., p. 23.
\(^{13}\) Carbone, n. 3 p. 339.
However, the Council tried to do something that would ensure no damage is done through its food aid programme to the recipient country. Through its resolution of June 1997, it addressed procedural arrangements and four specific themes: conflict prevention, food security, fisheries, and migration. One of the key objectives of the Council was to ensure that agricultural exports and food aid in kind from the EU do not damage the production, capacity and marketing of agricultural commodities in the developing countries. Unfortunately, the damage is continued to be done at the cost of the latter.

By the turn of the present century, the European Commission involved and taking advantage of favourable conditions, managed to set an ambitious agenda for the EU in this regard. Adopting an astute strategy, it rallied the principle of PCD around the Millennium Development Goals (MDGs), indicating how each PCD commitment served the purpose of meeting one or more of them. Moreover, it proposed and presented PCD as a package deal, with an additional volume of aid and concentrated its efforts on Africa, thereby impressing on the fact that the MDGs would not be achieved if the international community and, specifically, the EU and its member states, did not take concrete initiatives on the issue of PCD. Above all, the Commission linked the issue of PCD with the new role of the EU as a unique and unitary actor in international development, with its potential to shape the global agenda for ‘a just and better world’.

Since 2003, the member states of the EU have committed themselves to the approach set out in the PCD. They have started to acknowledge that their domestic policies must take due account of the interests of developing countries. The Council too declared its aim is to “enhance the coherence of EU policies with development objectives … in a broad range of areas beyond aid.” Thus, the EU committed itself to more development-friendly policies, in international agreements that include the Millennium Declaration in 2000, the Paris Declaration on Aid Effectiveness and the G8 Gleneagles Agreement in 2005.14

The formulation of MDGs led to a renewed focus on foreign aid and, in fact, the amount of international development assistance increased enormously, from 52 billion in

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14 Owen Barder, “How Europe should raise its game on development aid”, *Europes World*, June 1 2013, Summer 2013, available at http://europesworld.org/2013/06/01/how-europe-should-raise-its-game-on-development-aid/. It is noteworthy that Norway and Switzerland, although not members of the EU, have also committed to policy coherence both individually and as part of international fora like the OECD.
2000 to 104 billion in 2006. But to achieve the MDGs, it eventually became clear that foreign aid alone was not enough, but better synergies between aid and non-aid policies needed to be explored. The EU took the lead in this regard in the context of the “Millennium + 5” Summit and as part of a package that included a significant boost in its foreign aid, the Union agreed on an ambitious agenda on PCD.

After gradually strengthening its work on PCD procedures, instruments and mechanisms over the years, the EU agreed in May 2005, to follow up on progress in PCD in twelve policy areas, namely trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, employment and decent work, migration, research and innovation, information society, transport and energy. The Union was determined to make a specific effort to promote and enhance PCD in the context of the Global Partnership for Development under MDG 8 and in support of the partner countries’ own policies and in compliance with international obligations. The Council called on the member states and the Commission to strengthen PCD and to secure adequate resources in their respective administrations, looking at the best practices developed by some of the member states.\textsuperscript{15}

The European Consensus on development of December 2005 is premised on the idea that development and poverty reduction are getting influenced and impacted not only by development assistance policies and programmes, but also by policies in a variety of other domains, such as trade, agriculture, environment and conflict, which too have great influence on the development outcomes and poverty levels in the developing countries. In order to maximize the outcome of development policies of the Union, it was felt that other policy decisions need to be coherent with the development objectives.\textsuperscript{16} Thus, the political commitment to PCD is embedded in the European Consensus.

Subsequently, the European Council adopted the ‘Code of Conduct on Complementarity and Division of Labour in Development Policy’ in 2007 and later that

year the first biannual report on PCD was brought out.\textsuperscript{17} Both the European Consensus and the Code of Conduct indicate a change of course whereby the member states are more committed to improving the effectiveness of EU aid, the visibility of the EU in international development programme, and its ability to shape the global agenda.\textsuperscript{18}

The policy coherence was first integrated in the EU fundamental law by Article 208 of the Treaty on the Functioning of the European Union (TEFU), which stipulates that ‘[t]he Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries’. The Treaty maintains that the primary objective of development as ‘the reduction and, in the long term, the eradication of poverty.’ The entry into force of the Treaty in December 2009 reinforced the legal basis of PCD in the EU. The inclusion of PCD in its fundamental law sets the EU apart from other donors, thusmaking the Union a forerunner on the international stage in this area.\textsuperscript{19} As the EU recognises that some of its policies have significant external impacts that can either contribute to or undermine its development policy, it strives to minimise inconsistency and attempts to create synergies between policies that have a demonstrated impact on developing countries.\textsuperscript{20}

Striving for a more operational and targeted approach to PCD, the EU decided in 2009 to cover the twelve policy areas mentioned earlier under five priority challenges for PCD. These include 1) Trade and Finance, 2) Addressing climate change, 3) Ensuring global food security, 4) Making migration work for development, and 5) Strengthening the links and synergies between security and development in the context of a global peace building agenda.\textsuperscript{21}

The adoption of the Policy Coherence for Development Work Programme 2010-13 which aimed to identify those non-developmental initiatives of the Commission with an impact on development, provided a tool to guide EU decision-making on the broad range of issues which affect developing countries and nullify the benefit

\textsuperscript{18}Carbone, n. 3, p. 340.
\textsuperscript{19}https://ec.europa.eu/europeaid/policies/policy-coherence-development_en
\textsuperscript{21}https://ec.europa.eu/europeaid/policies/policy-coherence-development_en
of development assistance. In 2010, it resulted in stimulating the internal debate on development objectives, synergies between development policies and non-developmental policies as well as in taking into account development goals in major policy initiatives like the Communications of the Commission on Trade, Growth and World affairs and on the future of the CAP.  

II

Though Coherence continues to remain the goal, incoherence is the reality, in spite of several policy proclamations and continuous efforts on the part of several institutions of the EU, especially the Commission. Incoherence occurs when there is contradiction within development policy and the official goals set to be achieved. Two of the goals of the European development cooperation policy and programme –– integrating the developing world into the world economy and poverty eradication –– have proved to be incoherent and counterproductive, since the former has intensified poverty and widened the gap between the rich and the poor within nations as well as between rich and poor nations.

Parallel to varieties of coherence there are different kinds of incoherence as well.

a) Internal Incoherence

Internal incoherence is lack of coherence between foreign policy and development policy, which has become an integral section of the former. The EU being a ‘civilian’ and ‘soft’ power, DCP is quite inevitably employed as a tool to achieve the foreign policy goals and as an instrument of projecting and promoting its soft power. When development policy is used as an instrument, rather than as a goal in itself, occurrence of incoherence becomes inevitable. Several factors, both internal as well as external, have waylaid the DCP from achieving its primary goal of assisting the developing world in

achieving social and economic development. Instead, the EU has given prominence to other political and security goals and imposed conditionalities.

b) Vertical incoherence

Vertical incoherence results from inconsistency in the policies among the member states and between member states and the EU policies in regard to the objectives and targets of the development cooperation policy and programme. The EU policy incoherence can be mainly attributed to conflicts of interest among the member states and between the Union and the member states. Mention has already been made to the French interest in utilizing the community set up to push its burden of offering development assistance on the shoulders of the other member states and the unwillingness of Germany and Holland in getting dragged into this issue. This resulted in continuous tug of war between the Regionalists championed by France and the Globalists consisted of Germany and Holland, in regard to the Community’s area of coverage in the development assistance programme: whether to restrict it to the ACP region or to spread to Asian and Latin American (ALA) regions. In the 1970s, the Community extended its activities to ALA countries. By 1990s, the African countries, in spite of their desperate need for aid, were left high and dry and the Union started concentrating on the neighbourhood – Central and East European countries and in the Mediterranean regions. Within the EU, the strategic interests of the individual member states and the Union as a whole had changed from those that motivated the original Lomé Convention almost thirty years earlier. 24

Different member states’ interests also permeate the Commission, particularly at higher levels. Commissioners have to find a balance between Community interests and the European impartiality they are supposed to display, and national allegiances. This is particularly difficult where member states view their appointments in the Commission as representative of the national interest. This balancing game is coupled with the fact that within each Directorate- General (DG) members do not share common nationalities or

party loyalties. This set-up makes the establishment of a collective European interest difficult.\textsuperscript{25}

The EU is indeed a ‘trade power’, in that it is able to affect other countries’ policies and positions through its capacity to manipulate market access. For instance, the Union could thwart the fish imports from other countries to the EU by imposing new hygiene standards which are very difficult to achieve.\textsuperscript{26} However, Sophie Meunier and Kalypso Nicolaidis term the EU as a “conflicted trade power - conflicted within, as different member state governments, influenced by a host of domestic actors, hold very different views on how to wield such power through trade. Also conflicted between its own guiding principles, which often appear to contradict one another – such as championing multilateralism while blanketing the planet with bilateral trade agreements”.\textsuperscript{27}

c) Institutional Incoherence

Institutional incoherence refers to inconsistency of external policies emanating from the various EU institutions. The complex decision-making systems of the Union in which three institutions – European Council, Commission and Parliament - are involved and the decisions are taken at two - European and national – levels results inevitably in more inconsistency rather than consistency.

The European Parliament’s influence over development cooperation has increased over the years, especially due to the personal interest evinced by many parliamentarians and their expertise in this sphere. Although the European Development Fund is not part of the EU budget, the Parliament has developed a degree of control over parts of the development budget. The assent procedure covers development-related international agreements as well. Under the Amsterdam Treaty development policy decision making has become subjected to the co-decision procedure.\textsuperscript{28}

The European Commission is responsible for initiating and executing the development policy of the EU, which falls mainly under the economic and commercial

\begin{itemize}
\item \textsuperscript{25} Arts and Dickson, n. 8, p. 6.
\item \textsuperscript{26} Madeley and Robinson, n. 4, p. 20.
\item \textsuperscript{27} Sophie Meunier and Kalypso Nicolaidis, “The European Union as a conflicted trade power”, Journal of European Public Policy Vol. 13, No. 6, September 2006, pp. 906–925.
\item \textsuperscript{28} Desmond Dinan, \textit{Ever Closer Union: An Introduction to European Integration}, Palgrave Macmillan, New York, 2005, p. 550.
\end{itemize}
policies of the EU and also has Common Foreign and Security Policy (CFSP) aspects. Its conduct of external relations is shared between three Directorates-General: External Relations, Development and Trade. Though relations with the ACP countries are primarily the responsibility of DG Dev, policies formulated and implemented by other Directorates General like DG Trade, ECHO for emergency aid and sectoral DGs like DG Fisheries or DG Agriculture affect them invariably.

While the Commission seeks to expand its competencies, the Council often seeks to curtail Commission aspirations since it is often viewed as the civil service of the member states. Apart from this, various Council working groups deal with developing countries, with member states represented by their diplomats in Brussels. At the level of policy execution, the Commission implements policies in the field under the scrutiny of committees composed of representatives of the member states. It is a matter of concern that the links between the committees and the Council Groups are very weak.²⁹

**d) External/ Horizontal incoherence**

External/ Horizontal incoherence occurs when policies with external implications in different issue areas such as development, trade, agriculture, fisheries, and immigration, turn out to be inconsistent with each other and/or work at cross purpose. From the initial stages, such incidents of incoherence started occurring and they continue to haunt the development cooperation policy and practice, more apparently in the EC-ACP cooperation. The Lomé I Convention, which was signed by the Community and the ACP countries in 1975, offered free access for all products originating from latter to the EC market. However, agricultural products covered by the CAP were exempted from this free access status and were simply granted preferential treatment only.³⁰ This was, of course, in tune with the Community policy in regard to trade on agricultural products, in order to protect and promote the interest of the European agricultural community. This practice of European policies working at cross purposes as a result of ever-clashing selfish and philanthropic interests has of late caused great debate and discomfiture in Europe. Such incoherence can also occur when the external impact of any internal economic policy or regulation contradicts EU’s development policy.

³⁰Bonaglia et al, n. 2, p. 166.
Mention has already been made of the launching of ‘Everything but Arms’ (EBA) regulation, granting duty-free access to imports of all products from the LDCs, except arms and munitions, without any quantitative restrictions. Only imports of bananas, rice, and sugar – highly sensitive products in the EU, due to its Common Agricultural Policy – were not fully liberalized immediately, but, certain time-bound programme was announced instead. The EU plans to keep the EBA regulation in place indefinitely rather than subjecting it to periodic renewal under the Generalized System of Preferences. This is the first time that the EU used a country’s level of development as a criterion for a particular development program (as opposed to historical ties to the EU, as in the case of the Cotonou Agreement). The initiative offers the LDC participants in the Cotonou Agreement, which includes the vast majority of the world’s LDCs, a better preferential trade arrangement than does Cotonou, suggesting that Cotonou and the EBA are somewhat at cross-purposes with each other.\(^{31}\)

Access to the European market had been and continues to be hampered by a variety of restrictions ranging from export quotas to tariffs to subsidies for European producers. Reference has already been made in the earlier chapter about the introduction of sugar protocol in to the Convention to benefit certain ACP countries, whose economy was heavily depend on sugar export, and the EEC readiness to buy a fixed quantity of sugar from them at a high guaranteed price which was set in accordance with domestic price of sugar in the Community. The sugar campaign was started several decades ago, which promoted the consumption of cane sugar from these countries rather than beet sugar, which was highly subsidised by the European Community. This clearly shows that these kinds of subsidies under the CAP have been the subject of criticism in Europe itself for a very long time. Exports from Europe were criticised because they were often highly subsidised and had a negative impact on world markets.\(^{32}\)

It is widely believed that the Common Agricultural Policy (CAP) reveals incoherence with the EU's development policy at a greater level. The Common Fisheries Policy, the Common Commercial Policy, and the Common Foreign and Security Policy (CFSP) are equally challenging and as such, can enhance or restrict, and at times even

\(^{31}\)Dinan, n. 28, p. 555.
\(^{32}\)Hoebink, n. 17, p. 8.
damage, the impact of development programmes. John Madeley and Clive Robinson calls the lack of coherence between poverty eradication policies of the EU and its other policies, as “Brussels’ blind spot”. They argue that there is no point in the Union pursuing certain policy that has a particular goal if it simultaneously pursues policies that contradict and cause damage to that goal. There are too many cases where EU policy lacks coherence and not consistent with the Community's legal as well as moral commitments to developing countries. While maintaining that coherence in EU policies is admittedly not easy as it requires cooperation between the different directorates of the European Commission, they insist that the obstacles are not insurmountable though may seem to be difficult.\textsuperscript{33}

While elaborating and highlighting some of the key results of the European Commission Programmes, and their contribution to the Millennium Development Goals, Andris Piebalgs, EU Commissioner for Development, pointed out in 2010 that the most important thing the Europeans need to do is to focus on the policy coherence for development “because aid on its own is not enough; we also need our trade, agricultural and fisheries policies to support our development objectives”.\textsuperscript{34}

Among all these incoherencies, the horizontal/external incoherence appears to be more serious and there are instances when internal economic policy decision and market regulations of the EU creating incoherence with its development cooperation policy and programme. There are numerous cases where EU’s common policies on agriculture, trade, fisheries and so on, clash with its development cooperation policy. To cite a few:

\textbf{Case 1}

In 1990s Cote d'Ivoire remained the world's leading cocoa producer and exported about 40 per cent of world cocoa bean production. Ghana, Indonesia, Nigeria and Malaysia, Brazil, Belize, Cameroon, Dominican Republic, Haiti, Papua New Guinea, Jamaica, Madagascar, Mauritius, Sri Lanka, Trinidad and Vanuatu were the other producers and exporters. Millions of people made a living as cocoa producers and countries like Ghana relied on cocoa for about half of its export earnings. The EU

\textsuperscript{33}Madeley and Robinson, n. 4, p. 3.
\textsuperscript{34}European Commission, \textit{EU Contribution to the Millennium Development Goals. Some Key Results from European Commission Programmes}, 2010, p. 3.
imported about half the global cocoa output to produce chocolate and lion’s share of these imports come from ACP countries.

In April 1996 the European Commission proposed that each EU Member State be allowed to decide whether or not to permit the use of up to 5 per cent vegetable fat in the production of chocolate.\(^35\) It was feared that if vegetable fats were used in chocolate manufacture in all EU countries, then between 88,000 and 125,000 tonnes less cocoa would be imported each year, thereby unduly damaging the economies of cocoa-producing countries and threaten the livelihoods of cocoa farmers. The EU did not appear to have fully analysed the development impact of its chocolate directive, in favour of the European chocolate industry, despite considerable evidence that it would damage the livelihoods of some of the world's poorest people. Instead, it has pushed ahead its directive in apparent disregard of its commitments under the Maastricht and other international treaties, such as the International Cocoa Agreement.\(^36\) It is not consistent with poverty reduction and promoting sustainable economic development, which are the primary goals of its DCP.

**Case 2**

In 1980s and 1990s, assisted by the generous support afforded by the CAP, European farmers had produced more beef than could be consumed in the EU or exported on normal commercial terms. A beef mountain was the inevitable result. To dispose of the beef thus accumulated, it was "dumped" - sold below the cost of production - in developing countries, first in West Africa and then in South Africa. In West Africa, dumped beef shipments from the EC to the region increased sevenfold in the 1980s and reached a peak in 1991, affecting over four million people who relied on cattle-raising. The exported beef from the EU competed on unfair terms with locally produced beef and severely damaged farmer output and incomes, and thus the economic development of an important sector. With the advent of dumped EU beef, the prices they received for their cattle plunged by over 50 per cent. The EU’s meat exports in West Africa, which were not

\(^{35}\) Madeley and Robinson, n. 4, pp. 4, 9-10.

\(^{36}\) The International Cocoa Agreement is in operation since the 1970s and all the EU countries and major cocoa producers are members of this agreement. They commit themselves to take all practical measures necessary to encourage the growth of consumption of cocoa in their countries.
only incoherent with the development assistance aimed at supporting the meat industry in
the region, but also contributed to disrupting local markets.\textsuperscript{37} In May 1993, NGOs in six
EC countries launched a campaign to stop the dumping, arguing that it was a clear case
of inconsistency in EU policies. The European Commission had to admit that in West
Africa the dumping had led to "serious effects on local production, on regional trade and
on livestock projects financed by the European Development Fund in the
region".\textsuperscript{38} Following disclosures and protests by NGOs, the EU reduced export refunds to
its farmers on beef destined for West Africa, and as a result, its exports into the region fell
sharply.

But then the EU effectively transferred the problem of its beef mountain to southern
Africa. Exports of EU beef to South Africa shot up seven-fold between 1993 and 1996 -
from 6,600 tonnes to almost 46,000 tonnes. Namibia, which used to sell canned beef to
South Africa, was severely affected by this development, since the Namibians could not
compete with the EU dumped beef. Income to Namibia's cattle farmers fell sharply,
causing hardship for the country's rural inhabitants, most of whom were dependent on
livestock production and processing industry. The livelihoods of some of the poorest
sectors of the population were affected. Thus, the European dumped beef affected the
interregional trade between the African countries.

It is rather ironical that all these occurred at the same time as the EU was
investing some 3.75 million ECU\textsubscript{s} in support of Livestock Marketing Schemes in
Namibia. What was given with the right hand of development assistance was taken
back with the left hand of unfair trade. At their peak, export refunds were allowing
subsidised EU beef to be sold at less than half the wholesale price of South African
beef. In view of budgetary constraints, the EU began a process of reducing export
subsidies in 1997 but the fundamental distortions created by EU export subsidies had
not been addressed.\textsuperscript{39} Instead, the Union gave Russia 150,000 tonnes of beef in food
aid in March 1999, affecting the fortune of the Russian beef producers in the
process. John Madeley and Clive Robinson were categorical when they say that the
EU's generous support for its beef farmers is good for farmers but bad for EU taxpayers

\textsuperscript{37} Carbone, n. 3, p. 331.
\textsuperscript{38} Madeley and Robinson, n. 4, p. 5, 13.
\textsuperscript{39} Aprodev, n. 23, p. 8.
who pick up the bill and it is disastrous for some of the world's poorest farmers and countries.\textsuperscript{40}

Case 3

Hundreds of million fish workers depend both directly and indirectly on fishing for their livelihoods, and majority of them in developing countries. They earn their living from fishery-related activities in small-scale, traditional or artisanal fishing communities. These people are highly vulnerable to external pressures. Fisheries are critical for small-scale fishing communities, in the fight against poverty, and most important in the achievement of sustainable development objectives. For instance, in the case of Senegal, artisanal fishing activities make a major contribution to national food security.

The central objective of the EU's Common Fisheries Policy (CFP) is to decrease the existing capacity of the European fishing fleet. Over-capacity is the bane of the fisheries sector and to reduce capacity, the EU is spending billions of euros to decrease the fishing overcapacity of the Union fleets. At the same time, the Union provides subsidies to enable more sophisticated fishing techniques to be installed on trawlers that can "vacuum clean" the oceans of their fish stock. Subsidies have been given for both modernisation - which has led to an increase in fishing capacity through technological creep - and for reducing overcapacity in third country waters of the ACP region, through fisheries agreements and subsidised joint ventures. Fishing vessels from the EU have been enabled by subsidies to use more sophisticated fishing techniques and increase their capacity in West African waters. The CFP has led to the serious depletion of fish stocks in ACP countries, and damaged the livelihoods of thousands of ACP small scale fishing communities who depend on fishing. These agreements commonly overlook questions of sustainability and their impact on dependent communities. At the micro level, they may increase competition for resources and markets, to the detriment of local small-scale fisher folk.\textsuperscript{41}

In 1997, such a fisheries agreement was imposed on Senegal by the EU through which the former had earned €48m. All the West African countries desperately need the

\textsuperscript{40} Madeley and Robinson, n. 4, p. 13.
\textsuperscript{41} Ibid
money from fishing licences. Over half of Mauritania's foreign exchange comes from selling fish and fishing licenses. In Guinea-Bissau, one of the world's poorest countries, revenue from fishing licenses is believed to be worth 40 percent of government income.\(^{42}\) This sorry status of their economy is being exploited by the Europeans.

This fishing agreement allowed the Europeans to have access to the small pelagic fish stocks, which form the principal species supplying the on-shore artisanal fish processing industry, and the principal source of fish protein throughout the country. This was a major source of concern to the local artisanal sector. Since women dominated the artisanal fish processing industry and associated trading networks, the decline in the volume of fish available to the artisanal fish processing industry, profoundly affected the economic power of women in fishing communities. This development had serious implications for the food security of those who depend on artisanally processed fish as a source of cheap protein and essential vitamins and minerals. With women carrying the major responsibility for meeting household food security and health needs, the negative impact on gender relations reverberated far beyond coastal fishing communities.\(^{43}\)

On the other hand, the Commission has concluded a development cooperation agreement with ACP states including Senegal, funds programmes which aims to support the development of artisanal fisheries in those countries. The potential conflict of interest between development policy and the fisheries policy seems quite obvious. The fisheries agreements have been attacked by the European NGOs under the umbrella of the ‘Coalition of Fair Fisheries Agreements’ as being incoherent with the objectives of development cooperation. Important campaigns were carried out by NGOs in May 1996 against the overcapacity of the EU’s fishing fleets and for disregarding the impact of its fisheries agreements on poor countries.\(^{44}\) The NGOs argued that the agreements undermine the development of the artisanal fisheries sector by competing for fisheries resources and disrupting the local economy.

The European Parliament and the ACP-EU Joint Assembly have also stressed on the need for coherence between fisheries agreements and development cooperation. One


\(^{43}\) Madeley and Robinson, n. 4, p. 20.

\(^{44}\) Carbone, n. 3 p. 331.
of their main criticisms was that procedures during the negotiations were such that proper consultation with the European Parliament did not happen. The need to resolve incoherence between fisheries agreements and development cooperation objectives has also been stressed by conservationists who warned that the current over-capacity in fishing effort is threatening world stocks and that a code of conduct for responsible fishing is needed.\textsuperscript{45}

The EU policies on subsidies are in flagrant contradiction with the Treaty on European Union which commits the EU to achieve coherence between fisheries policies and the objectives of EU development policy, especially the eradication of poverty. The EU subsidies for fisheries also contradict its statements of intent in international fora such as the UN Food and Agriculture Organisation consultation on fisheries overcapacity in 1998: "States should reduce and progressively eliminate all factors, including subsidies, and economic incentives which contribute, directly or indirectly, to the buildup of excessive fishing capacity thereby undermining the sustainability of marine resources, giving due regard to the needs of artisanal fisheries".\textsuperscript{46}

Since December 1999, the EU had been excluded from the rich fishing grounds off Morocco. Though the previous four-year deal with Morocco had netted the kingdom €500m, Morocco refused to strike a new accord with the EU. Its fisheries agreement with Senegal lapsed on April 30, 2001 and the other one with Mauritania was due to be lapsed in May. The Union tried to strike new deals with Guinea-Bissau and Cape Verde, and sought to renew them with Senegal and Mauritania.

The Europeans continue to exploit the drastic situation in West Africa due to their faulty Common Fisheries Policy. According to Gregor Kreuzhuber, the Commission's fisheries spokesman, the EU's subsidised fishing fleet has 40 per cent more boats than it requires and this over capacity is being shifted to West African shores. Claude Martin, the Director General of the World Wide Fund for Nature, an environmental pressure-group, attacked the Commission for knowing “first-hand the devastating effect ill-managed fisheries have had in its own waters”, and still exporting “this unsustainable fishing practice to threatened coastal states in West Africa”. European ships regularly


\textsuperscript{46}Madeley and Robinson, n. 4, p. 17.
filch one-third more fish than they are supposed to and the ship captains bribe the African officials to certify that their catches conform to the rules. The UN's Food and Agriculture Organisation too confirmed that what is happening in the waters off West Africa is happening across the world. In its report in early 2000s, the FAO noted that up to 10 per cent of the world's marine fish populations were depleted or recovering from depletion, up to 18 per cent were overexploited and up to 50 per cent were being fished to the limit.47

Case 4

Isolda Agazzi, Trade Policy Officer, *Alliance Sud*, an European NGO concentrating on international trade issues, points out that in 1999, when the Indian Government abolished the import quotas for milk powder and the EU import of skinned milk powder rose from 600 to 25,000 tonnes, and effectively destroyed the white revolution for milk self-sufficiency in India.48 Same is the case with Jamaican dairy sector. Until the early 1990s, Jamaican dairy farmers were largely protected from the subsidised imports from the Western, especially European, developed countries. However, when the Jamaican Government was forced to liberalise imports as part of World Bank led structural adjustment policies, problems started. In 1999, subsidised EU milk powder had replaced locally produced milk as the input for the Jamaican dairy industry. Local dairy farmers have had to pour down huge quantity of milk produced by them because most local processors preferred to use the cheaper imported milk powder instead of the locally produced milk. On the one hand, hundreds of thousands of dollars were spent by the EU to support the development of Jamaica’s dairy farming, but, on the other hand, these efforts were undermined, when the EU exported subsidised milk powder to the same country.49 This was the case with the subsidised Italian tomato concentrate undermining local tomato processing in Senegal, and surplus pig meat being dumped in the Czech Republic affecting the fortunes of the local producers.

47 *The Economist*, n. 42.
49 Aprodev, n. 23, p. 9
Case 5

A restructuring of the food aid programme in 1986-87 which shifted managerial responsibility from the Commission's Agricultural Directorate to the Directorate-General for Development resulted in the integration of the programming for food aid into the EEC development effort. This programme change allowed wider latitude to the Commission to procure food for aid (up to 10 per cent) from developing countries as a triangular form of development assistance.\(^{50}\) Again, the EU’s Food Aid and Food Security regulation of 1996 supported the idea that by buying the necessary agricultural products in the region in which food aid is to be dispensed, the farmers in the region would be supported and such a measure would enhance the local agricultural production. *EuronAid*, an association of NGOs involved in food aid and food security using EU funds, applied this principle and purchased pulses, primarily beans, from African farmers for food aid in Africa, the European Commission suggested it to purchase the pulses from Denmark, which was available there at about half the price. Danish suppliers could provide pulses like pre-cooked split peas at a very low price due to the EU fixed hectare payment for peas, which was given to them independent from the volume of production. In 1999, EU subsidies accounted for 46 per cent of the income a Danish farmer received from growing split peas. The EU’s directive to the NGO directly flies against its own Food Aid and Food Security regulation and intended to support for European farmers, in addition to the support they already received under the CAP.\(^{51}\)

DCP’s incoherence with other EU Policies

As in the case of European DCP which becomes the victim of incoherence with other policies of the EU, other foreign policy goals of the Union too are victims of DCP’s incoherence with them. For instance, the DCP which is expected to work in favour of EU’s democracy promotion programme tends to go against it when the Union subsidises the authoritarian regimes by extending aid to them without bothering about how it was used. Some observers like Michela Wrong, the author of *It’s Our Turn to Eat*, are more concerned with the malign effect of aid on a country’s politics and morale.

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\(^{51}\) Aprodev, n. 23, p. 10.
Wrong has reported on the way that civil society organisations, political dissidents and anti-corruption campaigners in countries like Kenya, a major recipient of European aid, get disillusioned and discouraged when the continuation of that aid in effect implies the Union’s approval and support of corrupt governments.\(^5\) This happens when aid is given on other foreign policy considerations. Authoritarian regimes were supported because of their anti-communist stand. During the cold war era anti-Communism was taken by the West as a virtue, which would absolve any one of their all other evils. Political and ideological complexities thus ruled the Western minds.

III

Europeanizing the European development cooperation policy and programme is yet another issue, which has caught the fancy of the scholars on development studies. While the Europeanists, leaders as well as scholars advocated Europeanisation and the EU-level institutions attempted at it, the nationalist leaders and advocates criticized the move vigorously and resisted it tooth and nail. Perennial clash of interest and domination of national over Community interest too mars the situation. National governments feeling that the European-level institutions being slow in taking decision, resulting in terrible delay in implementing them make them to resist any attempts towards ‘Europeanisation’ of the aid programme.

As mentioned in the earlier chapter, the member states were enjoined by the Treaty on European Union (TEU) to co-ordinate their bilateral programmes with that of the Commission. However, there was no formal restriction on each pursuing its own distinctive aid profile.\(^5\) In practice Europe’s relations with the South comprise the bilateral policies of member states plus the collective policies of the Community, at times referred to as a ‘mixed system’.

Though the Community and the member states are expected to coordinate their policies on development cooperation and shall consult each other on their aid programmes, there is a severe lack of coordination between them and suggestions that

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development policy be fully Europeanized were rebutted all through. Though, the proportion of total EU aid channeled through Commission-managed development programmes increased, the member states retained their own bilateral programmes and resisted any more significant pooling of aid budgets.\textsuperscript{54} In particular, the contribution of the EC has grown in real terms from US$ 1,761 million (10.8 per cent of total) in 1980 to US$ 4,763 million (21.2 per cent of total) in 2000, making it the largest multilateral donor.\textsuperscript{55} In 2004, €6.9 billion was channeled through the Commission.\textsuperscript{56} The European Commission alone accounted for 13 per cent of total aid flows - €12.3 billion in 2009. In 2010 the EU was the third largest DAC member with USD 12.7 billion grant programme and loans and equities to partner countries totaling USD 8.3 billion.\textsuperscript{57} The Commission administered €11 billion or 20 per cent in 2011. At present, the EU accounts for more than half of the world’s Official Development Assistance (ODA). Three quarters of the overall EU ODA is provided by its Member States. The European Commission’s share in EU aid has considerably increased and now stands at about a quarter. It may be said that the Commission’s contribution hovers around one-fourth to one-fifth of the member states contribution. While EU member states were cutting their budgets (in real terms) by almost 15 per cent over the last ten years, the EC increased the quantum of its assistance to developing countries and transition economies by some 45 per cent. This increase, however, was not uniformly distributed, satisfying all the concerned parties.\textsuperscript{58}

Some member states contribute more development assistance than the EU itself. The persistence of separate member state development policies is reminder of member states’ unwillingness to surrender policy instruments in international arena. Naturally, most member states want to maximize their own international influence while also benefiting from a collective effort through the Commission. In the case of development

\textsuperscript{54} Arts and Dickson, n. 8, p. 6. 
\textsuperscript{55} Barder, n. 14. 
\textsuperscript{56} Sven Grimm, “EU Development Cooperation: Rebuilding a tanker at Sea”, FES Briefing Paper, June 2006, p.3. 
\textsuperscript{58} Bonaglia et al, n. 2, p. 176
assistance, most member states have specific preferences and self-serving agendas that are best pursued individually rather than collectively.\textsuperscript{59}

Instead of coordinating their efforts with the Commission, some of the member states like the UK criticize the Commission and even try to outdo it. Andrew Mitchell, Secretary of State for International Development 2010–2012, took pride on projecting the UK as ‘development superpower’, just as the Americans are a military superpower. In 2012, the United Kingdom spent approximately £8 billion a year on foreign aid, and it was expected to increase to £11 billion by 2015.\textsuperscript{60}

**Criticism against the Commission managing DC**

Back in the 1970s, a number of small scale scandals over European development assistance, mostly about doubtful connections between agricultural projects and business interests, used to hit the headlines. However, these scandals never attained the levels reported in the media, which reported corruption and aid-funded “white elephants”. In the 1980s, the European Court of Auditors criticised EU food aid for its quality and effectiveness. The image of the Commission as an effective and efficient purveyor of development aid was smeared by occasional scandals and severe shortcomings in accountability for external aid programmes, which, resulted in the resignation of the entire Commission under Jacques Santer in 1999.\textsuperscript{61} Paul Hoebink of the Third World Centre of the Catholic University in Nijmegen, who probed the image and reality of the EU as a donor too agrees with this observation and points out that the EU’s image as an aid donor which was bright in the 1980s, is getting dimmed of late, thus attracting criticism from all quarters and advocated the need for reforms.\textsuperscript{62}

European politicians have been very critical in recent years when commenting on EU development assistance spent through the Commission. In June 2000, Clare Short, former British Secretary of State for International Development, had gone on record that ‘The European Commission’s programmes have huge potential to do good, but they are much less effective than they should be. . . . the Commission is the worst development

\begin{footnotes}
\item[59] Dinan, n. 28, p. 549.
\item[60] Foreman, n. 52, p. 3.
\item[61] Grimm, n. 56, p.2.
\item[62] Hoebink, n. 29.
\end{footnotes}
agency in the world. The poor quality and reputation of its aid brings Europe into disrepute. . . . The Commission can improve its aid management, but to achieve more it must do less’.63 Later, she reiterated that the EU’s aid programme is ‘an outrage and a disgrace’.64“The worst offender for highly ineffective aid spending is the European Commission”, she repeated in 2002.“A euro of development assistance spent via the European Union is still one of the least efficiently spent”, commented Eveline Herfkens, former Minister for Development Cooperation of the Netherlands.65 These critical comments by ministers and others in responsible positions seem to be largely fuelled by irritation over the serious delays in aid disbursements by the Commission that force EU member governments to regularly revise their own aid budgets in the closing months of each financial year.66

The European scholars are also not lagging behind in criticizing the Commission and maintain that it is considered as ‘the worst development agency in the world’ for its corruption, and inefficiency, and its propensity to divert aid to already wealthy Mediterranean countries.67 While advocating the Government of UK to cut contributions to inefficient and wasteful multilateral agencies, in particular those of the EU through which it is channelizing one fifth of its aid, Jonathan Foreman maintains that the commitment of the Department of International Development, UK, to focus more on multilateral aid is a recipe for greater waste.68

**Recommendation for Aid through Commission**

While accepting that the Commission’s development aid programme is neither perfect nor without problems and acknowledging the fact that all aid is subject to misuse, wastage and corruption to some extent, Tindale maintains that instances of failures in Commission aid programmes should be revealed and corrected, but should not be used to attack the Commission. Instead, the decisions should continue to be taken by the

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63 Clare Short, ‘Aid that doesn’t help’, Financial Times, June 23, 2000, speaking on the day of the signature of the Cotonou Agreement.
65 Hoebink, n. 29.
66 Ibid.
67 Foreman, n. 52, p. 4.
68 Ibid
Commission itself. The European External Action Service must be involved in
development aid decisions, since aid is a powerful means of extending the EU’s ‘soft
power’, Tindale opines. He also suggests that Commission development aid should be
used primarily for maintaining progress towards the MDGs, and not for strategic or
foreign policy reasons. Again, he pleads that the main driver of allocation decisions
should be human need rather than foreign policy objectives. Though he concedes that
some development aid can be justified on strategic grounds, such as the wish to avoid
more failed states, he believes that “aid cannot be guaranteed to avoid state failure” and
maintains that some of the world’s existing failed states, including Somalia and the
Democratic Republic of Congo, have been major aid recipients.69

Benefits of the Commission Managing Aid

a) Neutral Development Player

Though there were some allegation of scandals and criticism about the efficacy of
the Community, they didn’t seem to create much dent on its image as a benevolent donor.
With its emphasis on partnership and impartiality, the Commission appeared to be a
much more effective and benign aid purveyor than most national governments.70 It is
believed that the Commission managing aid programmes has both political and practical
advantages. The Commission is more widely regarded as a neutral development player
than are national governments, whose commercial or historical links many a time
dominate decisions on aid allocation, both national and collective. A large proportion of
Spanish aid goes to Latin America. France focuses on the Caribbean and Francophone
Africa and the UK on Anglophone Africa and South Asia. While the countries in these
regions remain ‘aid-darlings’ due to their historic/colonial (which was in no way happy
and favourable) connection, other countries with which member-states have no such
obligations (!), were left out as ‘aid-orphans’, in spite of their staring poverty and dire
need for development assistance. The Commission operates programmes in some such
countries, for instance, Eritrea, the world’s fifth poorest country, where it has funded

69 Stephen Tindale, Priorities for EU Development Aid, Centre for European Research, June 2013, p. 4,
available at,
http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2013/pbrief_sct_development_14jun
e13-7556.pdf
70 Hoebink, n. 29.
agriculture and infrastructure projects.\textsuperscript{71} Owen Barder, Director for Europe at the Center for Global Development, is quite categorical when he claims that the European aid is also widely regarded as being especially effective, achieving more for poverty reduction than aid from other countries, including its member states, since it is less likely to be tied to the commercial or security interests.\textsuperscript{72}

b) Economies of Scale and Cost Advantages

The Commission-administered aid has cost advantages too. One large, comprehensive programme is more likely to be effective than several smaller ones, and as such, Commission management can deliver economies of scale. It can also cut administrative costs. The EU has 139 delegations and offices across the world\textsuperscript{73}, (more than any individual EU member state) working on development around the world. These facilities can be utilized by the member states and this prospect reduces the need for member-states to have their own offices and representation. Commission management cuts the administrative burden on recipients as well. Developing country governments often complain about having to report to large numbers of donors separately. It is noteworthy that a 2011 report by the Italian company SOGES estimated that greater coordination of European development programmes could result in annual administrative savings to donors and recipients of €5 billion.

c) Quality of Commission Aid

Overall, Commission aid is well administered. The quality of Commission aid is widely recognised, by international organisations, national governments and non-governmental organisations. The OECD concluded in 2012 that Commission programmes had improved significantly since an earlier review in 2007. Among the areas where improvement was noted, the OECD listed better co-ordination of aid programmes, streamlined financial processes, and the fact that the Commission had begun working more closely with civil society.\textsuperscript{74}

The Commission’s good performance on aid is recognized even by parties not normally enthusiastic about EU activity. For example, in 2011 the UK government

\begin{footnotes}
\item[71]Tindale, n. 69, p. 3.
\item[72]Barder, n. 14.
\item[73]https://europa.eu/eyd2015/en/content/eu-development-aid
\item[74]Tindale, n. 69, p. 3.
\end{footnotes}
published a review of multilateral aid which commended Commission programmes for strong financial management and transparency systems, moderate administration costs and predictable funding. The British government awarded the highest possible rating to the European Development Fund (EDF), which is meant for Africa, the Caribbean and Pacific countries than the Development Cooperation Instrument (DCI) which covers Asia, the Middle East and Latin America.

d) Transparency

The EU has repeatedly been ranked among the most transparent aid donors. Information on where and how much of its aid goes, and on what it is spent, is made readily available by the EU Aid Explorer, the European Commission’s financial transparency system, which helps the tax payers to check that their money is being used wisely. Moreover, it avoids different donors duplicating each other and helps to prevent corruption and misuse of funds.75

e) Prevention of Fraud and Corruption

The EU programmes undergo regular independent audits to ensure that their accounts are in order. Moreover, the European Court of Auditors examines specific projects and country programmes every year. The European Anti-Fraud Office pursues cases that come to its attention and ensures fraud-free management. The European Commission and the EU Delegations in the beneficiary countries monitor and control projects and programmes they finance and conduct regular project visits. In addition, outside experts are inducted in to check what the EU funding achieves. Besides, the EU retains the option to stop finance and to take necessary measures including the recuperation of funds, in case of serious suspicion that funds are being misused.76

f) Capacity Building

The EU adopted its Aid for Trade strategy in October 2007, with the aim of helping developing countries build the necessary capacity to trade, to enable them to take benefit of the market access made available to them by its trade concessions.77 The EU takes part in this strategy, along with many other international organisations like the

75https://europa.eu/eyd2015/en/content/eu-development-aid
76Ibid
World Trade Organisation (WTO) and the UN. Aid for Trade involves donors providing financial and technical assistance to developing countries, especially the least developed countries, to build up their supply-side capacity and strengthen their trade-related infrastructure, including roads.

g) Peer Review on Policy Coherence

Even the Development Assistance Committee (DAC), which has always been critical of EU development policy, acknowledged that the EU “has actively contributed to the growing international consensus on policy coherence”; “is clear about its desire to help shape a broader international approach” and that “the Commission has performed its catalytic role in selected areas of policy coherence with the support of a small number of Member States”. 78 Further, the DAC appreciated the fact that the Commission has developed a sound strategic framework for promoting policy coherence for development, and suggested that it should make every effort to use its mechanisms to their full potential. 79

h) Commitment to Development Index

The Commitment to Development Index (CDI) has been elaborated by the Centre for Global Development (CGD). 80 In 2012, for the first time, the index featured an aggregate analysis for ‘Europe’. Taken together, Europe scores slightly better than the global average: better than Australia, the United States, Japan and South Korea; behind New Zealand and Canada; but well away from the top three - Denmark, Norway and Sweden. Europe is way ahead in the quantity and quality of aid and environment policies, and in its investment policies as well. While it is in line with the global average in the areas of migration and technology, the EU scores relatively low on trade and quite terribly low on security due to an increase in arms exports. The final remarks of the

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79 OECD, n. 57, p. 13.
80 Commission, n. 20, p. 32. Originally called ‘Ranking the Rich’, this reporting exercise has ranks countries annually, since 2003, by quantifying the effect of a range of policies (aid, trade, investment, migration, environment, security and technology) on developing countries. Results are weighted according to country size, e.g. as a proportion of GDP or population, and presented as overall scores and scores per area. The top countries for overall score have been Denmark (2012, 2004 and 2003), Sweden (2011, 2010 and 2009) and the Netherlands (2008, 2007, 2006 and 2005). In 2012, eight of the top ten were EU countries. However, no country performs well on all indicators and the index highlights ways in which individual countries can improve by doing as well as, or better than, other countries.

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authors of the CDI are provocative: ‘Europe’s approach to development can be characterised as energetically tackling the symptoms of poor economic opportunities for developing countries by providing substantial and effective aid, but doing less than other countries to tackle the underlying structural causes of poverty.’ 81 The EU needs to introspect and to go for course correction.

**Criticism**

a) **Weak Institutional Framework and Policy-Making**

The Community’s external fisheries policy is the responsibility of the Commission’s Directorate General for Fisheries (DGXIV) while its development cooperation with the countries in the ACP region is managed by the Directorate General for Development (DGVIII). Given the split responsibility, policy incoherence between DGXIV, who conclude fisheries agreements with third countries, including in Africa and DGVIII, who is expected to promote, among other things, fisheries development in Africa is proved unavoidable, as there are conflicts of interests or lack of coordination between the two Directorate Generals.82 With the declining stocks of fish in the territorial waters of EU Member States, European fishing fleets have been looking for alternate sources of fish in other parts of the world and to facilitate this, DGXIV had concluded a series of fisheries agreements with third countries. These fisheries agreements are an integral part of the Common Fisheries Policy, the primary purpose of which is to serve the domestic demand for fish in the EU and to supply the fisheries industry with raw materials for processing.83 On the other hand, DGVIII offers economic assistance to the African fishing communities to strengthen their fishing and processing industries. The bureaucratic nightmare of multiple Directorates and agencies deal separately with issues concerning and impinging upon development, thereby creating, in effect, incoherence between policies and programmes.84

81 Ibid.
82 Acheampong, n. 45, p.3.
83 Ibid.
b) Lack of Coordination between EU and members

As mentioned earlier, Article 130x of the Maastricht Treaty calls on the Union and the member states to coordinate their policies on development cooperation and to consult each other on their aid programmes. In theory such an arrangement would provide a level playing field for the many partners with which the EU and its member states have agreements. However, it was never practiced. The EU cannot be reduced simply as the twenty-eighth European donor. While the Commission implements 20 per cent of the collective EU aid effort, it also acts as coordinator, convener and policy-maker. The EU is an economic and trading partner, and its political dialogue, security policy and many other policies - from trade, agriculture and fisheries to environment, climate, energy and migration - have a strong impact on developing countries. It must translate this multi-faceted role into multiple policy mixes adapted and suitable to each partner country. To be completely effective, the EU and its member states must speak in one voice and act in unison “to achieve better results and to improve EU’s visibility”. Unfortunately this is not happening and both the EU and its partners in the developing world suffer as a consequence.

The member states have been unwilling to increase the Community budget (the ceiling remains 1.27 per cent of EU GNP), and to enhance the portion of the budget (around 7 per cent) devoted to external action. Focus on any new region for assistance results in the reduction of assistance to those regions which were concentrated upon earlier and that is what had happened to ACP countries when focus of aid transferred to neighbourhood countries.

The mixed system led to a cumbersome bargaining process in which short-term national goals prevailed over Community values and goals. Alternatively, member states may sign up for Community policies which they have no intention of, or capacity
to implement. This means that what appears to be a united front initially may in practice disintegrate as member states refuse to play by the rules they themselves formulated.\textsuperscript{89}

c) Coordination/Consistency/Linkage Shortfall

‘Coordination short fall’ between the EU and the member states regarding DCP leads to incoherence. Hence, there was dire need for coordination in the objectives in the development policies of the member states and those of the Community, to make development assistance more effective.\textsuperscript{90} Again, development policy and other facets of Community policy are not always consistent, which is referred to as ‘consistency/linkage shortfall’. If the Community needs to address this issue if it intends to increase its effectiveness in international development. The lack of cohesion between different policies, directorates and services in actual means that while overall the Commission may be committed to the elimination of poverty in the South, sections within the Commission may have other priorities. Internal mechanisms for coordination though exist are not effective. Grilli argues that there had never been a coherent development policy but only a series of ad hoc responses to any given development on the part of the Community.\textsuperscript{91}

d) Lack of Policy Coherence

As mentioned earlier, there has been a specific EU legal commitment since 1992 as provided by the TEU to take into account the impact of other policies on developing countries. This obligation further got strengthened in the 2009 Lisbon treaty. Yet the policy coherence continues to remain an aspiration than a reality.\textsuperscript{92} The main fault with EU development policy is neither the quality of spending nor even the quantity. It is other EU policies which damage poor countries and the constructive work done by the former is undone by the latter. Since 2005, the EU has aimed to make all its policies coherent with its strategy for development. Still, EU policies, particularly on trade, agriculture and fisheries, continue to harm poor countries. Tindale is quite correct when he points out that “increased trade will not automatically help meet the MDGs, since the EU will have little influence over how the money earned by the developing country will be spent”.

\textsuperscript{89}Ibid., pp. 5-6
\textsuperscript{90} Ibid., n. 8, p. 6
\textsuperscript{92} Barder, n. 14.
Nevertheless, as noted above, free and fair “trade is more important for economic growth than aid will ever be, so is a vital component of meeting some of the MDGs”. As such trade should be used to help economic growth by offering free and fair trade conditions to the developing countries rather than allowed to stand on the way of development through cooperation and assistance.

The lack of consistency promotes the appearance of a confused, unfocused actor and has prompted calls for structural/institutional reforms within EC resulting in the appointment of a single external relations Commissioner within a reformed Commission. Incoherence between the Community and the member states makes the scholars like Karen Smith to point out that it is inaccurate to lump together the Community and member state aid programmes and then to claim that they are the largest aid donors since “the European and national levels do not constitute such a coherent entity”.

After all, it is the low labour costs that give China, India and other Asian countries one of the few areas of comparative advantage in the global economy. Rather than supporting these countries by providing broad access to its lucrative market, the EU appears more concerned with defending its domestic industries in these areas that find it hard to compete by applying antidumping regulations. In such circumstances, the tension between the demands of a benevolent external development policy and aspects of internal EU economic policy cannot be reconciled. This becomes problematic in the policy-making process and results in lack of coherence between different sectors of Community policy and inconsistencies between Community policy and member states’ national policies.

These inconsistencies between Community policy and member states’ national policies also influences in who gets what and how much from the EU, by way of development assistance. In 2002, Asia, with its high proportion of the world’s poor, received about € 575m of development assistance. It was just one third of the per capita funding that the Latin American countries received. In spite of its best intention and

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93 Tindale, n. 69, p. 4.
94 Arts and Dickson, n. 8, p. 7
95 Smith, n. 87, p. 38.
97 Arts and Dickson, n. 84, p. 151.

e) Quality of Assistance Compromised

The tension between the treaty-based requirement for consistency and a more policy-based pragmatism runs through all EU external relations, including development cooperation. The lack of vertical consistency between the EC and its member states, and horizontal consistency between different policy fields at the Union level as well as the gap between rhetoric and action and differential treatment of partners inevitably affects the quality of the European development assistance.

f) Damage Done by Trade-Distorting Policies and Subsidies

With its huge export subsidies each year for agricultural, poultry, dairy and fishery products, the Common Agricultural Policy of the EU continues to create havoc for producers in the South. The World Bank Development Report of 2000 estimates that $63 billion a year is lost by poor countries due to agricultural protection. If one take the fact that the agricultural sector employs well over half of the labour force in the South, the gravity of this situation can be visualized and understood.\footnote{Aprodev, n. 23, p. 9}

Again, the tariff and non-tariff barriers to trade, particularly on imports from developing countries, give Europe a poor score on trade. Non-tariff barriers such as sanitary and phyto-sanitary standards for food products, which are being justified on account of the need to protect European consumers, are likely to constitute a major barrier to entry into the EU market, especially for small-scale producers. Rules of origin – the ways and means to prevent that non-LDC products are shipped to the EU via the LDCs -are another problem, which are used to prevent the lucrative EU market for the goods from the developing countries.\footnote{Ibid., p. 13}

Owen Barder, Director for Europe at the Center for Global Development, is categorical when he maintains that even very generous European aid programmes are not
enough to counter the harm created by agricultural subsidies which hurt poor farmers, and protectionist trade rules restricting their access to rich European consumers. He further adds: “… while the EU is the world’s largest aid provider in volume terms, and its aid/Gross National Income (GNI) ratio is more than double those of Japan and the US, it is also known for agricultural subsidies and fisheries policies that can overwhelm and undo the positive impact of its aid. Barder was emphatic, when he maintains: “The consolidated score for Europe shows that they do well on aid quantity and quality, but not so well on other policies like trade and security”.  

Advocates of the cutting of agricultural subsidies and removal of tariffs and quotas for all developing countries like Tindale try to answer the worry of those who maintain that such a move could impact negatively on the LDCs, since such a step would lead Europe to import more from MICs. However, it would not go waste since there are many poor people in these countries, who would benefit from greater earnings. If the removal of tariffs and quotas was combined with a reduction in European agricultural subsidies, Europe would import more, so the LDCs would not necessarily lose out much. The EU may lose some income from tariffs, but this would be compensated handsomely by the money saved by cutting agricultural subsidies. Since subsidies to European farmers enable them to undercut farmers from all the developing countries, the EU should reduce payments to European farmers much more than the 11 per cent cut agreed by the Council in February, 2012.  

Christopher Haskins, who too advocates further CAP reforms, argues in favour of the phasing out of single farm payments and bats for spending more money on rural development, particularly in newer member-states, as they are being discriminated against the old guards.

**g) Preference for Economic and Security Interests**

The EU’s economic and/or security interests continue to dominate the development cooperation policy and Stephen Hurt is categorical when he maintains that self-
interest remains the guiding principle of development cooperation.\textsuperscript{104} This faulty preference influences the decision making process of who gets what and how much of development assistance. Wealthy neighbours are bestowed with more aid, while needy countries and people of the developing world are neglected and ignored. Economic and security interests should not be preferred and provided for at the cost of development interests. Development cooperation policy and programme, if properly formulated and implemented, can ensure economic and security interests of the EU.

\textbf{Coherence, No Longer a Mission Impossible}

In his concluding chapter Mold suggests that perhaps the goal of coherence is an “impossible dream”. He says that it is useless “to constantly exhort policy co-ordination and coherence in aid delivery if structural constraints and bureaucratic procedures do not allow this to take place”.\textsuperscript{105} Probably, the Commission’s failure to achieve coherence, in spite of its best and constant efforts, might have prompted Mold to concede defeat.

However, the struggle is worth continuing and attaining coherence is worth achieving. The EU needs to overcome the structural constraints and to reform the bureaucratic procedures, instead of throwing the blame on them. European civil society organisations are very clear on this issue. According to them, policy coherence is, by its very nature, a highly political issue and ultimately, needs to be dealt with in the political arena. Much more transparency and accountability is needed for meaningful participatory political debates on the issue of coherence and to arrive at a sensible solution.\textsuperscript{106}

The adoption of the PCD communication and the subsequent Council conclusions marked a significant change in the EU, as confirmed by a leading official in DG Development: “Even though the concept of policy coherence for development was enshrined in the Treaties a long time ago, the issue has never made it all the way up to the Commission … Things have changed, however, since the adoption of the MDG package; development is not always losing any more”. The central question is the implementation

\textsuperscript{106} Aprodev, n. 23, p. 14.
of the commitments. Although it is not an easy task, achieving better policy coherence for development is no longer a “mission impossible”.  

Conclusion

Policy incoherence used to and continues to affect the quality of the European development cooperation from the days of Lomé Conventions. However, the issue of PCD emerged in a big way at the beginning of the 1990s. The Development Assistance Committee played an important role in attempting to drive this agenda forward without much success. Within the EU, the debate started with the Treaty of Maastricht in the context of the 3Cs (complementarity, coordination and coherence) but, for various reasons, limited progress is made till date. The incoherence of the EU in its approach to international development was questioned by the NGO community which, in turn, carried out a number of public campaigns mainly against the EU’s common trade, agriculture and fishery policies. A number of member states, such as Denmark, the Netherlands, Sweden and the UK, were also active on the coherence issue.

Coherence is not only about eliminating contradictions but also about releasing the full potential of the Union's wide range of policies and initiatives and realizing the objectives of DCP. Development and poverty reduction are getting influenced and impacted not only by development assistance policies and programmes, but also by policies in a variety of other domains, such as trade, agriculture, environment and conflict, which too have great influence on the development outcomes and poverty levels in the developing countries. The inclusion of PCD in its fundamental law sets the EU apart from other donors, thus making the Union a forerunner on the international stage in this area. As the EU recognises that some of its policies have significant external impacts that can either contribute to or undermine its development policy, it has realized the importance of minimising inconsistency and attempting to create synergies between policies that have a demonstrated impact on developing countries. However, these attempts are still to bear fruits, due to pressure from different quarters.

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The EU needs to ensure that its subsidised products are not permitted to enter any country where it will undermine local producers. “That is part of what coherence is all about”. Only by combining its significant efforts in foreign aid with non-aid policies will the EU be able to make an indent in bridging the widening gap between the rich and the poor. Any attempt to proliferate subsidized goods to enter developing country markets is not consistent with the EU's legal obligations under the Maastricht Treaty; the EU is obliged to take into account policies that it implements which are likely to affect developing countries. This legal obligation is to be met with at all costs.

Denying the lucrative EU market while trying to grab developing world market is unpardonable. Through the import of its highly subsidized commodities the EU has denied the Africans their own market. The case of South Africa affecting the fortunes of Namibian farmers of livestock industry, remains a case in point. The Europeans claim that women are at the centre of their DCP, but, in reality affecting the life and livelihood of women indulging in dairy development, fisheries and agriculture through their trade policy and proposed partnership agreements.

The issue of development assistance is a matter of commitment at the highest political level and there is scope for further politicization of this issue. The call for better policy coherence for development will be intertwined further with the role that the EU intends to play in international politics. By acting as a unitary actor, and with its quality and quantity of aid, the EU is expected to shape the pace and direction of international development.

From the very beginning there was resistance to conduct the development cooperation as a Community policy in which all the member states would contribute equally since it was believed by some that it was beneficial to France and its erstwhile colonies alone. That was why it developed as a mixed system and member states jealously guarded their role and participation in development cooperation programme, besides one conducted by the Commission, so that both may be used to achieve their national interests.

Member states criticize the Commission and are not interested in increasing their share in the assistance offered through the Commission. They are actually interested in using

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109 Madeley and Robinson, n. 4, p. 5.
110 Carbone, n. 3, p. 340
development cooperation as a means to serve their own cliental and to achieve their own national interest and this invariably leads to lack of coordination. If the member states really want to achieve the development goals they should submit to the process of the Europeanisation of development cooperation and should be ready to be satisfied with the achievement of ‘common’ interest, both the European and the recipients, rather than their individual interests.

Dominance of neo-liberal tendencies in development cooperation policy and practice and efforts to chalk out policies which would serve the corporate interest has waylaid the DCP towards goals opposite to its natural destination. To justify its being called as a normative power, the EU should follow the dictum: ‘Do no harm, even if you cannot afford do anything good’, in regard to its development cooperation policy and programme.

The WTO argues that Aid for Trade has a supportive role to play in the realisation of the MDGs. However, better infrastructure and capacity building alone would not be sufficient. The EU should also remove tariffs and quotas which discourage or exclude produce from developing countries. It needs to provide opportunity for the developing countries to have free and fair trade with the developed markets. To achieve this, policy coherence is indispensable. Policy incoherence leads to a situation in which the benefits that the EU gives through its development cooperation programme is taken away by its other policies. The best option left out for the EU to achieve its development goals and for the developing countries to achieve real development is policy coherence and Europeanisation of the development cooperation policy and programme.