

# EU development policy and the future of the Cotonou Agreement

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# Plan

- Background on development cooperation
- Milestones of EU development policy
- Interactions with regions in the South
  - Africa, Caribbean, Pacific (ACP)
  - North Africa
  - (Latin America, Asia)
- 2030 agenda
- Future of the Cotonou Agreement

# Developing Countries: definition?

- Third World versus Developing Countries
- Developing Countries in the WTO
- OECD: Dev. Ass. Com. (DAC)
- Least Developed Countries (LDCs)
- SIDS, Landlocked States
- Transition and emerging economies
- Fragile and post-crisis states

# What is ODA?

- Assistance provided by official agencies for the promotion of economic development and with concessional character
- Official Development Assistance (ODA) figures collected by the Development Assistance Committee (DAC) of the OECD
- Target agreed in the UN and regularly reconfirmed by the EU: 0.7 % GNI
- Does not include military, NGOs, remittances
- Does not include new donors: China, Turkey, ...

# Official Development Assistance (ODA), \$ billion

	2012		2017	
	ODA	ODA/GNI	ODA	ODA/GNI
EC	17.5	-	16.5	-
EU	64.7	0.40%	82.7	0.49%
US	30.7	0.19%	35.3	0.18%
JAPAN	10.6	0.17%	11.5	0.23%
<b>TOTAL</b>	<b>126.9</b>	<b>0.29%</b>	<b>146.6</b>	<b>0.31%</b>

# Shares in total ODA (%)

	<u>2012</u>	<u>2017</u>
EC	13.8 %	11.3 %
EU	51.0 %	56.4 %
US	24.2 %	24.1 %
JAPAN	8.4 %	7.8 %
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EC/EU	27.0 %	20.0 %

# Origin of EU development cooperation

- Treaty of Rome 1957 creates the 1st **European Development Fund (EDF)**
  - Mainly at the request of France
  - Funding focussed on infrastructure
- Yaoundé I Convention 1963
  - **Association Agreement** between EU and 18 independent African States and Madagascar
  - Covers trade and cooperation
- Yaoundé II Convention 1969

# Widening of EU development cooperation

- In 1972 the UK becomes member of EEC
  - What to do with the **Commonwealth**?
  - The Accession Treaty allows 20 Commonwealth countries to negotiate together with the AASM a new agreement with the EEC
  - List comprises small economies, not India, Pakistan (for which an agreement was not realistic)
- Creation of the **ACP group**: 46 countries
  - Africa, Caribbean and Pacific
- Lomé I ACP-EU Convention signed in 1975
- Lomé II 1980 Lomé III 1985 Lomé IV 1990-99



# Nature of ACP-EU cooperation

- The Lomé Convention is a progressive and comprehensive agreement covering 3 pillars: cooperation, trade and political dialogue.
- Substantial funding is provided outside the EU budget through the EDF.
- Elaborate institutional setup: Council of Ministers; Committee of Ambassadors; ACP Secretariat; Joint Assembly; National and Regional Authorising Officers (NAO/RAO)
- Innovative cooperation instruments: STABEX

# EU cooperation outside ACP group

- Since mid 1970s aid funded on the Community Budget for Asia and Latin America
- Bilateral cooperation and trade agreements with Southern Mediterranean states
- Food aid (Bangladesh, India, Egypt, Ethiopia,...)
- **1989**: creation of PHARE programme (first Poland, Hungary, later widened to Eastern Europe)
- 1992: creation of TACIS programme

# Maastricht Treaty 1992 (Articles 177-181)

- First explicit Treaty text on development policy: 3 objectives
  - Sustainable economic and social development
  - **Smooth and gradual** integration of developing countries into the world economy
  - Combatting poverty
- 3 Cs  
coordination, complementarity, coherence

# 3 Cs

- **Coordination:**
  - First between EC/EU and Member States: initiatives expected from the Commission
  - Also unified positions in the wider (UN) context
- **Complementarity**
  - Ensure that Community and MS policies are mutually reinforcing (points to good **division of labour**)
- **Policy Coherence for Development (PCD):**
  - Ensure that **EU non-aid policies** contribute to development goals: trade; agriculture; environment; fisheries...

# EU-ACP Cotonou Agreement 2000

## Main new features:

- Enhanced **political dialogue**: essential elements: respect of human rights, democratic principles and rule of law; fundamental element: good governance
- Possible application of sanctions
- More involvement of non-state actors
- More use of **budget support** instead of projects
- Migration and principle of re-admission
- **New trade ACP-EU regime**

# Evolution of the ACP Group

- Gradually more countries joined the Group
- By 2000 all of Sub-Saharan Africa is in the ACP Group
- South Africa is a special case
- Cuba is a special case
- Latest country to join ACP Group in 2006 is Timor Leste

# ACP States (2013)

	Number	LDC	pop.
Africa	48	34	900 mn
Caribbean	15	1	25 mn
Pacific	15	6	10 mn
Total	78	41	935 mn

# European Consensus on Development (2005)

Signed by European Commission, Council  
(for the Member States) and Parliament

- Part 1: EU vision (common text)
- Part 2: EC Development policy



# Part 1: EU vision

- Common **objectives**:
  - poverty eradication;
  - Millennium Development Goals (MDGs)
- Common **values and principles**:
  - Human rights, good governance, rule of law, democratic principles
  - Ownership, partnership, political dialogue, involvement of civil society, state fragility
  - Aid effectiveness principles
- Policy Coherence for Development

# Part 2: EC Development Policy

## Comparative advantage of EC/EU:

- Global presence (network of 146 delegations)
- Exclusive competence for some policies (trade, customs union, fisheries) and experience with other policies (education, environment, ...)
- EU in a good position for coordination and harmonisation
- Size of programmes (e.g. infrastructure)

Priority areas for EC/EU cooperation programmes (9 are listed)

# 2009 Lisbon Treaty: provisions on external action (Art. 21)

- Recalls principles and values that led to creation and enlargement of the EU:
  - Democracy
  - Rule of law
  - Human rights
  - Equality and solidarity
- Recommends partnerships with countries, international, regional and global organisations that share these principles

# Art. 21: objectives of external action

- Safeguard **EU values**
- Support democracy, rule of law, human rights
- Preserve peace and prevent conflicts
- **Support sustainable economic and social development with aim to eradicate poverty**
- Preservation of environmental quality and sustainable management of global natural resources
- Assist with natural and manmade disasters
- Promote multilateralism and good global governance

# Lisbon Treaty provisions on Development Policy (art. 208-213)

- Principles of external action are applicable to development policy
- Poverty reduction/eradication is main objective of development policy
- Incorporates Maastricht Treaty principles:
  - 3 Cs

# Institutional reform following the Lisbon Treaty

- Creation in 2010 of the European External Action Service (EEAS)
  - headed by VP/HR Mogherini
  - Staff from DG DEV, DG RELEX, Council Secretariat and Member States

# EU external action: who does what?

- Foreign and security policy EEAS
- Development policy DG DEVCO,  
DG NEAR, EEAS
- Trade policy DG TRADE
- Humanitarian aid DG ECHO
- Financial cooperation DG ECFIN

# External action instruments under Multiannual Financial Framework 2014-2020

- Development Cooperation Instrument € 19.7 bn
- European Neighbourhood Instrument € 15.4 bn
- Pre-Accession Instrument € 11.7 bn
- Partnership Instrument € 1.0 bn
- European Instr. Democr. Hum. Rights € 1.3 bn
- Humanitarian Aid Instrument € 6.2 bn
- Instr. for Stability and Peace € 2.3 bn
  
- 11th European Development Fund € 29.1 bn



# Development Cooperation Instrument budget 2014-2020 (million Euro)

- Geographic Programmes: 11809 m€
  - Latin America 2500
  - Central Asia 1072
  - South Asia 3813
  - North and South East Asia 2870
  - Other countries 796
- Thematic Programmes: 7008 m€
  - Global Public Goods and Challenges 5101
    - Example Global Climate Change Alliance (GCCA)
  - Civil Society and local authorities 1907
- Pan-African Programme 845 m€

# EDF Financial Resources (2014-20)

- Total 11th EDF grants € 29.1 billion
  - Of which
    - National/Regional Ind. Progr. €24.4 bn
    - Other regional programmes €3.6 bn
    - Investment Facility (EIB) €1.1 bn
- EIB loans €2.5 billion

# Implementation of the CA

- Resource allocation and notification
  - Needs and performance
- Country Strategy Paper (CSP) and National Indicative Programme (NIP)
  - ACP state to submit draft NIP: focal sectors; non-focal areas; coordination; broad allocation; timetable; performance indicators
- Review process (mid and end of term)

# National Indicative Programme Tanzania (2014-20)

Population 57mn

GDP per Cap \$908 (2017)

- Focal areas

- Good governance € 291 mn

- Energy infrastructure € 180 mn

- Sustainable agriculture € 140 mn

- Civil Society € 3 mn

- Support activities € 12 mn

- Total NIP € 626 mn

# National Indicative Programme Mali (2014-20)

Population 18.5 mn

GDP per Cap \$827 (2017)

## •Focal areas

- State reform, rule of law € 280 mn
- Rural dev. & food security € 100 mn
- Education € 100 mn
- Transport € 110 mn
- Support (incl. civil soc.) € 25 mn

•Total NIP € 615 mn

# Cotonou revisions in 2005 and 2010

- More systematic and formal political dialogue
- Provision on the **International Criminal Court**
- Clause on cooperation in the **fight against terrorism** and in countering proliferation of weapons of mass destruction
- Reference to Millennium Development Goals
- New article on **climate change**
- Reference to the **African Union** also eligible to request finance

# EU cooperation with North Africa

- During 1970s bilateral trade and cooperation agreements
- 1995 Barcelona Process
  - Prospect for EU-Mediterranean Free Trade Area
  - Economic, social, cultural, trade cooperation
  - New bilateral association agreements
  - 1995: Tunisia, Israel 1996: Morocco
  - 1997: Jordan, Palestine 2001: Egypt
  - 2002: Algeria, Lebanon 2004: Syria

# EU coop. with North Africa (cont.)

- EU enlargement of 2004 creates a new context
- 2004 **European Neighbourhood Policy**
- New framework for deeper economic and political cooperation with the Eastern and Southern Neighbourhood, with countries that do not have an EU accession perspective
- Builds on existing agreements and offers a stake in the EU's single market



## EU coop. with North Africa (cont.)

- Preparation of Action Plans for Morocco, Tunisia (2005) and Egypt (2007)
- Substantial financial resources from 2007 onwards for bilateral and regional cooperation under the new European **Neighbourhood Instrument**
- Deep and comprehensive trade agreements under negotiation

# EU Cooperation with African Union

- Limited contacts with the Organisation of African Unity (OAU), promoted the ideal of Pan-Africanism, but sometimes called « club of dictators »
- Constitutive Act of the African Union (AU) signed in Lomé in 2000 (all African countries became member except Morocco, which joined only in 2017)
- 1st EU-Africa Summit in Cairo in 2000
- 2<sup>nd</sup> EU-Africa Summit in **Lisbon in 2007**
- Endorsed the **Joint Africa EU Strategy (JAES)** with 8 strategic priorities including peace&security, trade&regional integration and climate change

# EU Cooperation with AU (cont.)

- Gradually the EU-AU cooperation and political dialogue is deepened, including by regular Commission to Commission meetings
- Peace and security becomes a focal area for the AU
- EU supports this agenda since 2003 through the **Africa Peace Facility** that is funded under the EDF (commitments of €1.3 bn by 2014)
- 3rd Summit Tripoli (2010) 4th Summit Brussels (2014)
- AU Mission to the EU opened in Brussels and EU Delegation to the AU in Addis Ababa
- Pan-African budget included in the DCI since 2014

# 2030 Agenda and new Consensus

- Sustainable Development Goals (SDGs)
  - Agreed in the UN in 2015 to be done by 2030
  - Universal in character
  - Broader than Millennium Development Goals
  - Leave no-one behind; reach furthest behind first
  - Rather complex: 17 SDGs and 169 targets
- New Eur. Consensus on Development 2017
  - EU's response to the 2030 Agenda
  - Incorporates principles from the 2005 Consensus
  - Follows closely SDGs: people, planet, prosperity, peace

# Current issues for EU-Africa and EU-ACP relations

- Cotonou Agreement ends in February 2020
  - Unlike in the past trade is handled separately
  - Regional political dialogue moved to the African Union
  - Negotiations started in September 2018
  - **EU negotiating directives:** propose a Foundation Agreement and 3 regional partnerships (Protocols) with Africa, the Caribbean and the Pacific; bring the EDF in the EU budget.
  - **ACP negotiating mandate:** status quo; successor agreement as a single undertaking that is legally binding; keep the EDF as it is outside the EU budget.

# Current issues for EU-Africa and EU-ACP relations (cont.)

- How to combine the Neighbourhood Policy with the Africa and the ACP policy? Can Africa be treated as one?
- Possible effects of the Brexit; what about the Caribbean and the Pacific?
- Discussions on MFF 2021-2027 started based on Commission proposal for new Neighbourhood Development and International Cooperation Instrument (NDICI).

# Brexit and EU development policy

- Effect on the budget is significant (around 15 %)
- UK generally supportive of EU development policy (eg on topics like deforestation and aid effectiveness)
- Difficult issues for future trade relations: UK cannot simply take over the various EU trade agreements
- Cooperation with Latin America, Asia not much affected
- Cooperation with ACP may be more affected because ACP owes its origin to the UK accession
  - As regards Africa, maybe AU becomes more important framework for future relations with EU
  - What about Caribbean and Pacific?

# Can the EU treat Africa as one?

- So far: North Africa, SSA and South Africa have been treated differently, for example in terms of trade agreements and cooperation instruments;
- EU relations with the AU are increasingly important, but there is no EU-AU agreement;
- EU's post-Cotonou negotiations mandate argues for a “coherent partnership with Africa as a whole, without prejudice to existing agreements under the European Neighbourhood Policy” ;
- North African states look to EU and to SSA, they want to keep their existing status in relation to the EU;
- SSA states are also keen to keep “their” EDF.



## Some concluding comments

- Development policy becomes increasingly interconnected with other external action.
- ODA remains important for the poorest countries
- Development cooperation is the main instrument for the EU's soft power
- Is the EU's soft power more focused on spreading values or on preserving interests?
- Values had a stronger relative weight versus interests for ACP region in comparison to other regions.

Thank you for your attention

# Recommended reading

- European Consensus on Development Policy (2005)
- Cotonou Agreement as revised in 2010
- A renewed partnership with countries of Africa, the Caribbean and the Pacific JOIN(2016)52
- New European Consensus for Development « our world, our dignity, our future » Official Journal 30.6.2017
- EU Negotiating Directives for ACP Partnership Agreement (2018)
- ACP Negotiating Mandate for Post-Cotonou Partnership Agreement with the EU (2018)
- Kennes,W., How Brexit may affect ACP-EU relations: an historical perspective, ECDPM Discussion Paper no. 220, January 2018.