

Introduction

Providing external assistance to developing countries is considered a core activity of the EU. Such assistance typically comes in three forms: Official Development Assistance (ODA), trade, and more general development cooperation. Its primary purpose is to reduce poverty, but ODA also aims to develop democracy and the rule of law, encourage respect for human rights and fundamental freedoms, and promote 'European values'.

History

Provisions for development and aid were originally made in the Treaty of Rome (1957) for former colonies of Member States. These provisions were extended in the series of Lomé Conventions (1976-1999) to include the majority of African, Caribbean and Pacific (ACP) countries. The Lomé Convention offered duty-free access to EC markets for most products, except agricultural ones deemed to be in competition with EC agriculture. For these, the EC offered preferential access, based on a quota system. The Lomé Convention also provided for an increasing amount of aid and investment expenditure to flow from the EC to ACP countries.

In 2000 the EU and ACP countries signed a new development accord, to replace the Lomé Convention, called the Cotonou Agreement (2000-2020). This introduced the principle of mutual obligation; that aid given to ACP countries should be linked to good governance (e.g. respect for human rights), and involve non-state actors and local authorities. Most controversially, it called for an end to non-reciprocal trade preferences for ACP countries, which were ruled illegal by the World Trade Organisation (WTO) in 1996. This means that **both** the EU and ACP countries should provide duty-free access to each other's markets, which is currently being negotiated under **Economic Partnership Agreements (EPAs)**. The Caribbean is the only region that has signed a full EPA, but a total of 35 ACP countries signed either a full or an interim EPA in 2007. The Cotonou Agreement is adapted every 5 years; the last revision took place in March 2010, when the Agreement recognised climate change for the first time.

How does EU development policy work?

The EU and ACP countries now have two common institutions: the ACP-EU Council and ACP-EU Joint Parliamentary Assembly, which were both established in 2003. These are formal bodies that provide for dialogue between the EU and ACP countries, and help guide development policy. However, ODA distributed directly by the EU to ACP countries is managed and distributed by EuropeAid, a department of the Commission. This aid comes from either the EU budget or the European Development Fund (EDF), an intergovernmental body. All development assistance is supposed to be provided in accordance with the European Consensus on Development (ECD), agreed in 2006. This defines a common framework for development policy, which was seen as necessary to ensure consistency between the EU and its Member States in distributing ODA. The aims of the ECD are based on the Millennium Development Goals, which aim to reduce worldwide poverty in the context of sustainable development. The EU has agreed on six priority areas: aid for trade and development, regional integration and cooperation, access to social services, transport, food security and good governance. The ECD also places a heavy emphasis on maximising aid effectiveness through tailoring aid to the needs of each country, and better coordination between the EU and its Member States. This focus helped to rectify some of the problems the EU has had in providing effective leadership on development issues.

However there remains a lack of consistency between EU Development and its other policies. For example, the Common Agricultural Policy, stringent hygiene and product standards, and restrictive Rules of Origin, make it difficult for ACP farmers and producers to access EU markets. ACP countries also fear that EPAs will undermine local producers, by giving more competitive EU exporters unfettered access to their markets too quickly. Despite the fact that aid has been promised to ease these concerns, such fears hindered EPA negotiations with ACP countries in 2007. However, the EU sometimes does not have complete control over its trade policy and in 2009 it had to cut favourable tariffs for ACP bananas because of complaints from the World Trade Organisation (WTO).

Facts and Figures

- ❖ An EU target aimed for EU states to give 0.7% of GNI in ODA by 2015, but it is not expected that this target will be met.
- ❖ The European Development Fund (EDF) will distribute €30.5bn ODA during 2014-20. This is not part of the EU budget; the fund is created by intergovernmental agreements.
- ❖ Goods exported to the EU by ACP countries are admitted free of customs duties.

“One of the EU’s greatest challenges in development policy is to ensure a coherent and effective approach between 26 different actors, with 26 development policies”

Jose Barroso, Commission President, 2005

“No policy is more closely linked to the principles, values and objectives of the EU than development policy.”

Louis Michel, Commissioner for Development, 2007

Technical Terms

- ❖ **Economic Partnership Agreements (EPAs):** Reciprocal free trade agreements currently being negotiated between the EU and six regional blocs of ACP countries which were meant to be concluded by the end of 2007, but only ‘interim’ EPAs were agreed. Negotiations are on-going.
- ❖ **Millennium Development Goals:** Eight goals for development that the 191 UN members have agreed to try to achieve by 2015.
- ❖ **Aid for Trade:** The provision of aid to help developing countries take advantage of free trade.

Links

- ❖ http://ec.europa.eu/europeaid/index_en.htm
- ❖ www.oecd.org/dev