

## Towards a Europeanisation of aid?

by Professor Uwe Holtz\*

***The European Union and its 15 member states combined are the world's most important providers of development assistance. The Union has special relations, not only with the 71-strong ACP group, but also with a number of other regional groupings. The author of this article argues that, to bring its real weight to bear, the EU should coordinate its development policy better - in fact, 'Europeanise' it.***

The Maastricht Treaty sets out the EU member states' aim to pursue a Common Foreign and Security Policy (CFSP). This covers traditional foreign policy, security and defence, external trade, and no doubt also, development policy, although the importance of the last-mentioned for the CFSP is often overlooked. The EU has, in recent years, become a top-level actor in the development field. Broadly speaking, the policy can and should make a durable and effective contribution to sustainable, economic, social, democratic, and forward-looking development – putting the human being at the centre. Any redesign of EU-ACP relations for the future must live up to this ideal.

Will the trend be to channel increasing amounts of development funds, currently spent by individual member states, through Brussels? The European Commission says little about this in its 1996 Green Paper on the future of EU-ACP relations, or in its 'Guidelines' produced in October last year. The European Parliament (EP) is clearer on the issue. It believes the EU should view the renewal of its relations with the ACP countries as an excellent opportunity to reinforce its role as a global actor. This, however, assumes that the Union makes progress towards political union.

Since the EU, unlike Germany, does not strictly separate *technical* cooperation and *financial* cooperation, references to development policy below relate to both of these instruments.

'Europeanisation' is a process leading from the existence of parallel, and sometimes even opposing national policies, to a common policy at European level, characterised by better harmonisation and coordination.

The Maastricht Treaty contains guidelines for the efficient and harmonised design of development cooperation in the EU and its member countries. It includes the following elements:

- *Complementarity*. The EU and its member states should collaborate in working on complementary components (article 130u);
- *Coordination* of development policy (article 130x);
- *Coherence* of development measures with other EU policy areas such as agriculture and trade (article 130v).

In legal terms, EU policy on development cooperation could be classified as a competitive EU competence. Accordingly, the subsidiarity principle enshrined in Art. 3b of the Maastricht Treaty might be applied – in which case the Commission could only take the

initiative if member state measures were insufficient to achieve the objectives identified in Art. 130u, or if a goal could better be achieved by the EU.

Recently, the German Ministry for Economic Cooperation and Development (BMZ) has been putting particular emphasis on the subsidiarity principle. According to *Carl-Dieter Spranger*, the BMZ minister: 'It must be clarified once and for all... whether the demands of the Maastricht Treaty concerning the subsidiary function of European development cooperation will be fulfilled'. And in a newspaper interview, he underlined his reluctant attitude towards EU primacy in this area. 'I see nothing that we could not also do effectively at the bilateral level with the money we give the EU for its development cooperation - and that is 30% of the total budget. So far, no-one has explained to me what the EU can do better than we can.'

The coordination requirement in the Maastricht Treaty - which says that the EU and its member states should harmonise their development policies and aid programmes (including in international organisations and at international conferences) - is very important for the Europeanisation of development cooperation. This rule applies across the board - from the EU down to the national level. It is likely to mean that, like national agriculture and economics ministries, the member countries' development authorities will experience a steady erosion of competence and significance. In the final analysis, the legal obligation to ensure coordination means that national regulations, upon which development ministries have so far based their work, will become partially or totally irrelevant.

The coherence rule at the EU level covers, in particular, foreign and security policy, development policy, and customs, trade, agriculture and environmental matters. This, nonetheless, represents a fundamental change from a legal-historical standpoint. Classic economic law, both formally and materially, was related to the structure and promotion of national economies, not to international and global economic frameworks. Whether, and to what extent, real policy changes ensue will depend on the political decision-makers. In seeking to establish a coherent and consistent development policy, there is still a place for national policies. But talking of consistency, how can national aid authorities convincingly argue for measures to tackle corruption in developing countries when their colleagues in the finance ministry allow bribes paid in these countries to be tax deductible?

### **Can fifteen plus one equal one?**

The question of whether the present 16 European development policies (15 national policies plus that of the EU) will mesh into a coherent whole and, in the final analysis, merge into a common policy, must be answered in the negative, at least for the near-term. National political, economic, cultural and geo-strategic interests stand in the way. There is also a reluctance among most national governments and parliaments to surrender further powers to Brussels without a guarantee that the European Parliament will have a greater say in EU decisions. The 1997 Amsterdam Treaty moves in that direction, with more co-determination by the EP in development policy. The member states also want to be certain that Brussels will run development cooperation better than they can themselves.

The following aspects could favour a Europeanisation of development cooperation:

- It can be assumed that the 'transition from a historically-determined development policy to a strategy of partnership', as outlined by the Commission, can better be designed by the EU than by individual member countries.
- The EU can have an 'adjusting' effect *vis-à-vis* national development policies. For example, France has, to date, focused on French-speaking states in Africa, while the Netherlands and Denmark concentrate on only a few key countries.

- Many policy-makers are calling for the political dimension to play a greater role in development cooperation in future. One example of this is the new emphasis on promoting 'good governance'. If Sweden, Germany or Spain were to 'go it alone' on this issue, or even take a contradictory line, there is not much at present that can be done about it.
- Dealing with development policy at the EU rather than the national level could have a 'rationalising' effect. Not every donor and development organisation needs to do everything (for example, projects to promote women, protect the environment, combat the spread of AIDS etc). In addition, the small developing countries would not have to cope with a great many donors tying up their administrative capacities.
- The various instruments - from straightforward development cooperation to trade policy - are interlocked at EU level.
- More influence could be expected from having a single European voice in international organisations, particularly the Bretton Woods institutions.
- Under the subsidiarity principle, any task that the EU can implement more effectively than individual member states could be Europeanised. This might include areas such as food aid, population and family planning policies, structural adjustment, support for regional integration, trade promotion, and conflict prevention. Such an approach will not put organisations like the German Agency for Technical Cooperation (GTZ) out of business. The GTZ, and other implementing organisations, including tried and tested NGOs, scientific institutions, consulting firms and other private sector companies, will always be needed to implement EU development cooperation.

The EU's development measures and programmes must contribute, as they already do in a modest way, to implementing the action plans agreed at the various international conferences held in the 1990s. The Union should always coordinate its activities with the United Nations and its sub-organisations. Indeed, it must be willing to channel its contributions through the UN system, in those areas where the latter can show comparative advantages over the EU.

The Maastricht Treaty provisions on development cooperation are aimed at overcoming an often serious lack of coordination, and the existence of parallel (and sometimes contradictory) approaches among the 16 policies in question. They are designed to eliminate duplication of effort and competition for projects - and to boost the effectiveness and quality of development cooperation through a better division of labour, sensible coordination and greater coherence. The effect should be reduced pressure on the administrations of developing countries, and a more effective contribution to the balancing of international interests. If this can more easily be implemented at EU level, linked with enhancement of the European Parliament's powers, then the European card should be played.

The legal basis for a step-by-step Europeanisation of development policy is, at any rate, in place. From my own national perspective, the question that remains is whether the German government will choose to take this path? I believe that a commitment to such a route would fit in well with Germany's interest in a common European foreign and security policy, and its desire for a system of global human security.

U.H.

\* Long-time member of the German Bundestag and Chairman of its Development Cooperation Committee (1974-1994). Lecturer of political science at Bonn University.