

BETWEEN CONSENSUS 93 AND CONFUSION

INSTITUTIONAL CHANGES AND POLICY CHALLENGES
IN THE EU'S DEVELOPMENT POLICY POST-LISBON

Marikki Stocchetti

FIIA BRIEFING PAPER 93 • November 2011



ULKOPOLIITTINEN INSTITUUTTI
UTRIKESPOLITISKA INSTITUTET
THE FINNISH INSTITUTE OF INTERNATIONAL AFFAIRS

BETWEEN CONSENSUS AND CONFUSION

INSTITUTIONAL CHANGES AND POLICY CHALLENGES IN THE EU'S DEVELOPMENT POLICY POST-LISBON

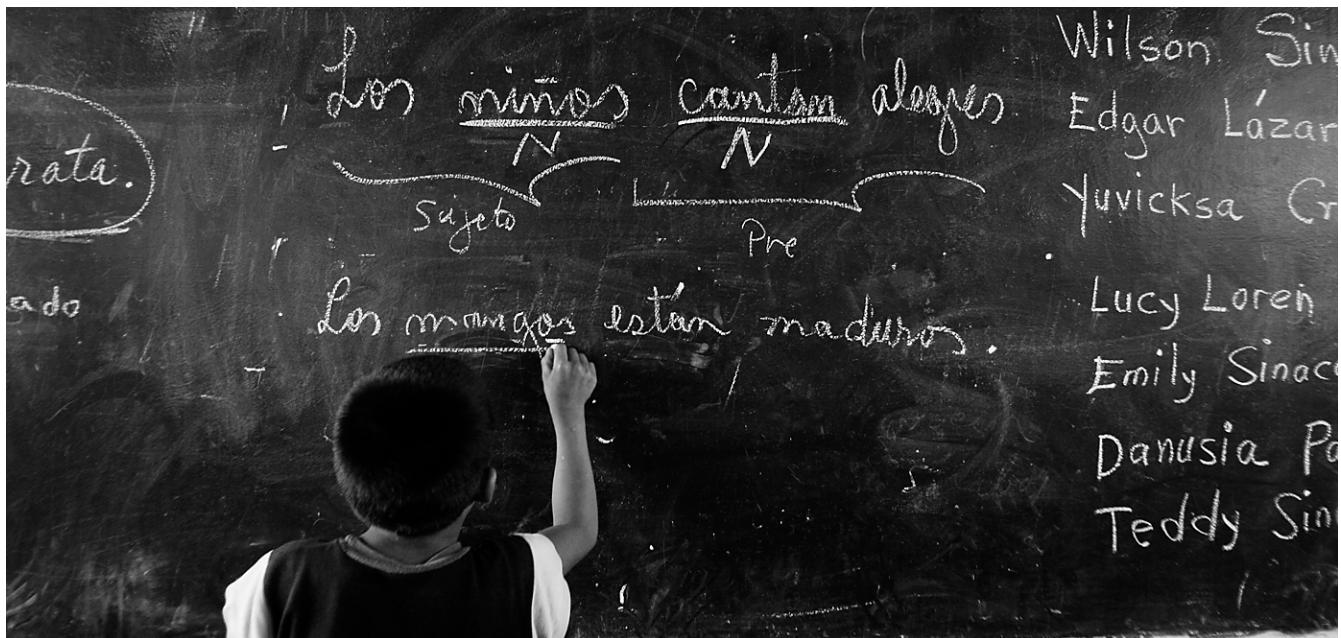


Marikki Stocchetti
Researcher
The Finnish Institute of International Affairs

FIIA Briefing Paper 93
November 2011

- The Lisbon Treaty anchored the EU development policy at the forefront of the Union's external relations. For the development policy, this provides an opportunity to improve its own role and functions in relation to its own targets, as well as in relation to the Common Foreign and Security Policy and the trade policy.
- To take this opportunity, the EU development policy actors need to find a means and a vision in the context of the changing institutional landscape and the EU development policy overhaul.
- A stronger EU development policy as a part of the external relations equation depends on the EU development actors' capability to act jointly in the area of shared competency, and to define the policy's focus and content vis-à-vis the other branches of the EU's external relations.
- This is of utmost importance in the new institutional context that was formed to implement the Lisbon Treaty. Most notably, the European External Action Service (EEAS) risks inheriting the previous organizational challenges of the EU development policy and creating new ones.
- The EU Commission proposal 'Agenda for Change' (October 2011) still passes up the opportunity to present a strong vision for the development policy in the EU's external relations along the lines of the Lisbon Treaty. While enhancing the common agenda for the CFSP and the development policy is conducive to development policy objectives, it is alarming that the policy proposal turns a blind eye to the role of the EU trade policy.

The European Union research programme
The Finnish Institute of International Affairs



Schools, roads and bridges have been built in rural areas of Peru under the PRODAPP programme. Photo: Enrique Castro Mendivil / EuropeAid.

A more effective European Union in the world, a more responsible and respected global actor that would place global concerns at the very heart of its external relations agenda and act. In essence, this was the external image of the EU as envisioned in the Lisbon Treaty. To this end, the EU's development policy was devised to foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty in the world. This endeavour would be a part of the bigger picture in which the three branches of the EU's external relations – the Common Foreign and Security Policy, the Trade Policy and the Development Policy – would ideally form a coherent and consistent external front with a common set of objectives (Art. 21).

For many, seeing the development issues anchored at the core of external relations was the long overdue sign that the development policy was now officially an area of EU policy in its own right and of equal importance to all the other EU policies. And why would this not be the case? It was after all an officially acknowledged fact in the Union that sustainable development was a long-term necessity for global stability and therefore also in the long-term interests of Europe. Furthermore, the increasing awareness of the growing magnitude of global challenges should in itself make the development policy an indispensable element in the external relations equation.

In fact, the EU often presents itself in a very assertive manner as the key global player in international

development. This claim is based on the position that the EU holds, together with its member states, by virtue of being the largest donor of official development assistance (ODA) in the world¹ and by constituting the biggest trading block and negotiating partner for many of the developing countries. In addition, political cooperation with various developing countries and regional groupings has grown increasingly since the end of the Cold War. Thanks to the Lisbon Treaty, there is now a treaty base to support the EU's global action along these lines.

However, the Treaty provisions are only the starting point for the long road ahead. What is needed is a strategic vision and adequate institutions to turn the spirit of Lisbon into reality. The main purpose of this briefing paper is to explore the possibilities as well as the potential problems brought about by the Lisbon Treaty from the particular point of view of the development policy. Essentially, by 'development policy' this paper refers to a public policy sector of the EU's political system that includes development cooperation and assistance. In addition, this traditional conception is extended to cover the policy measures of other EU policies that are expected to contribute to the development policy objectives by the EU Treaties. As a policy area of shared competence between the EU institutions and member states, the development

¹ The official development assistance from the EU constituted 56 per cent of the global flow of ODA in 2008. The share of the Community aid constitutes about 20 per cent of the total EU aid.

policy consists of two dimensions: what was prior to the Lisbon Treaty labelled as the European Community (EC) development policy as well as member states' national development policies. The Lisbon Treaty refers to the former EC development policy as the EU development policy. This term adds to the confusion as it masks the parallel existence of the two tracks of the EU and national policies that de facto has not changed. However, in order to form a more unified European policy, these two dimensions were brought together by a joint development policy statement known as the 'European Consensus on Development' in 2005.

The fact that the focus of the EU development policy has now been renegotiated in parallel with the institutional reform increases the importance of analysis and the need for further debate. Therefore our focus will, on the one hand, centre on the institutional changes that have taken place recently, as well as on the shifts in development policy content as proposed by the European Commission (October 2011) on the other. Regarding the former, the new institutional set-up for the Common Foreign and Security Policy (CFSP), namely the European External Action Service (EEAS), has raised questions of whether this setting could also improve the EU's development policy influence as well as enhance coherence and consistency between the EU's external arms.

At the same time, the role of trade appears to be discussed less in this tripartite equation. Regarding the EU policy content, the debate is essentially about the new focus of the EU development policy, which should direct the EU institutions in the post-Lisbon situation. However, as the development policy is an area of joint competence and financing, the role of member states is also crucial in this respect.

Consequently, this paper suggests that in order to better understand the role of the development policy in the post-Lisbon situation, we have to take a closer look at the division of roles in shared competence, the thematic issues that the development policy is envisioned to cover, as well as the development policy in relation to the EU's other external policies. As a result, our analysis is underpinned by three interconnected concepts – competence, content and coherence – which will be applied to structure the analysis and reflect the changes introduced by the Lisbon Treaty.

To deepen our understanding of the current situation, we will first take a look at the role of the development policy in the period preceding the Lisbon Treaty. In particular, we will recall the Commission's and the EU member states' past experiences of improving the development policy, which led to the first common policy framework entitled 'European Consensus on Development' between the Council, the Commission and the European Parliament in 2005. Against this backdrop, we will move on to discuss the current transition period, starting with the institutional landscape, and then finally, the respective policy challenges in this context, which again will influence the way in which the EU development policy will be shaped in the future.

The European consensus on development: Past lessons yet to be learned

Somewhat paradoxically, the long-awaited possibility of a development policy profile boost by the Lisbon Treaty has been accompanied by concerns relating to the role of this policy in the emerging EU's external policy landscape. In fact, the position of the development policy in the EU's political system has always been marked by a degree of uncertainty and confusion. In the following, we address this ambiguity surrounding the EU's development policy by looking at the concepts of competence, content and coherence in a more concrete manner.

Development policy competence

First, the very nature of the development policy as an area of shared competence has constituted a source of confusion at the Union level, as well as in the eyes of the development partner countries. Ideally, the EU development policy and the member states' policies should form an internally coherent ensemble. In reality, the member states vary in terms of their respective commitment to development, selection of partner countries, interests and preferred sectors of cooperation.² Sometimes, this compounds the overlaps and gaps in the donor framework. Member states also tend to see the role of the European Commission as well as the EU development policy in different ways. Therefore, the attempts to 'Europeanize' the development policy have always been a challenge.

² See also Maurizio Carbone (2007) *The European Union and International Development: The Politics of Foreign Aid*.

In practice, the debate has revolved around balancing between the EU development policy and the member states' own development policies, the conduct and control of the joint policy area in the development policy formulation, aid practices, as well as implementation on the ground. Furthermore, with every round of EU enlargement, the geographical scope of this shared area of development cooperation has also increased. Consequently, the EU development cooperation has expanded in 50 years from West Africa to a global development policy of the 2000s covering partner countries from the Least Developed Countries to (re-)emerging powers like China.

An attempt to rationalize the co-existence of EU and member states' own bilateral policies at the treaty level was first made in 1993 by establishing specific development policy principles for the Union as a whole. These principles, often referred to as the 'three Cs' of Complementarity, Cooperation, and Coherence, were later completed by the set of international principles on aid practices and donor harmonization as enshrined in the Paris Declaration of Aid Effectiveness in 2005. In this respect, a historic landmark was the adoption of a joint development policy statement entitled 'The European Consensus on Development' at the end of the same year.³ This breakthrough was largely based on active international involvement in the early 2000s by the European Commission and the member states.⁴ In fact, the content of the European Consensus reflected much of what had already been agreed in the international arena by the European actors separately. Yet the question of its final formulation became a heated

3 Hereafter referred to as European Consensus.

4 First, there was the big momentum set in motion by the UN Millennium Development Declaration and Millennium Development Goals (MDGs) in 2000 to reduce world poverty. Then the first WTO round of international trade negotiations was given the promising epithet of 'the Doha Development Round' to attract developing countries to engage more actively in world trade in 2001, while the UN Johannesburg World Summit on Sustainable Development (WSSD) called for mutually supportive trade, development and environmental policies in 2002. In addition, to secure sufficient and adequate resources for the new development efforts, the UN Conference on Financing for Development in Monterrey in 2003 brought world leaders together for this purpose, with new pledges of increased development aid. To make the best use of these commitments, the UN Paris Declaration on Aid Effectiveness was launched in 2005.

wrangle between the Commission and the Council Presidency, which was held by the UK at that time. In fact, the UK and a number of other member states were actually opposed to the idea of having a common European framework of any kind.

In this case the compromise was a fortunate one. As an end result, consensus was reached on development policy objectives, values and principles that would encompass all EU development efforts, including all national and regional agreements that either the Community or an individual member state has. The statement has two parts: first, a common part both for the European Community and the member states alike, and a second part directed at the European Community alone. Two years later, the joint vision was completed with a Code of Conduct and Division of Labour between the European Commission and the member states.

The lesson to be learned here is that, first, governing development policy in the Union is a complex, multi-level and multi-actor issue in which national priorities and European agendas are in constant flux. Second, the question of leadership in an area of shared competence has not been settled permanently. Therefore, it can be assumed that these issues will play a role in the post-Lisbon context where the need for consensus and common direction is more pressing than ever. This is our first lesson.

Development policy content

Another important trend impacting development policy is its evolving and expanding scope. Indeed, the EU development policy content has expanded significantly during the past decades in terms of new development-related thematic areas. In the history of EC development cooperation, development aid and trade aspects have formed an integral part of the EC development cooperation since the Treaty of Rome (1957), and later, in particular, have formed part of the partnership agreements between the EC and the African, Caribbean, and Pacific ACP countries since 1975. This development policy cooperation framework was also the first to include a political dimension (since the mid-1990s). Just as the end of the Cold War largely facilitated this change of cooperation paradigm, so have global concerns further blurred the division between national and international development issues. Consequently, questions of peace and security, human rights and governance, environment and climate change,

health, migration and various other aspects of globalization have found their way to the core of the European Consensus on Development policy agenda. In this respect, the Consensus stated that through the development policy, the Union can play its part in addressing global challenges. However, what was left unspecified was the specific role of development cooperation vis-à-vis all these new thematic fields. In other words, where would its mandate end and other policy sectors' responsibility begin? This is particularly important from the point of view of effective and ethical development financing. This debate has yet to take place before we can leap to a new level in development policy in the post-Lisbon context. This is our second lesson.

Policy coherence for development

Closely related to the development policy content is the question of the interrelationship between the development policy and other EU policies that can work either in favour of or against the development policy objectives. In the European Consensus on Development, it was emphasized that development aid and cooperation will need support from other policy sectors in order to achieve its own objectives. To this end, the European Consensus re-stated that all EU policies should take into account the objectives of development cooperation which are likely to affect developing countries.⁵ To put it more bluntly, it called for the understanding that unsustainable development and world poverty require an active and integrated contribution across the policy lines. At the very least, this would entail the EU refraining from conducting policies that would risk increasing poverty and unsustainability in its partner countries.

In fact, the early 2000s not only saw a new kind of enthusiasm for development policy opportunities among development practitioners, but also increasing interest in the EU's external relations as a whole. Crucially, past experiences remind us that the re-discovery of 'development' in the EU's other external policy agendas, most notably those of the CFSP⁶ and the EU's multilateral and bilateral external trade policies, have entailed both opportunities and risks for the attainment of development objectives. On the positive side, the opportunities offer scope for a 'development check' integrated into the policy

agendas and a chance to increase development policy impact in a synergic way. On a gloomier note, risks have included a loss of clear sightedness and the capacity to control development policy directions.

As a matter of fact, the European Consensus on Development statement also encompassed the neighbouring sectors of the CFSP and trade policies' role in development. The reason for this was, however, more reactive than proactive. The post-9/11 situation had led to discussions on the 'securitization' of development cooperation and fears of stretching development funding beyond its officially defined (ODA) purposes. Just a few months later, 'development' was chosen as the main slogan to boost the whole round of multilateral trade talks, along with a distinctly promising development-oriented agenda for action. Increasingly, and especially since the first setbacks in the EU position in the Doha Round in 2003, the EU has launched a number of bilateral free trade initiatives with developing countries covering the majority of the WTO members.

The European Consensus on Development was also a response to these trends. In the name of policy coherence for development, security and trade issues were transferred to the core of the European Consensus on Development. In fact, the cross-cutting issues for the post-Lisbon era were already included there: good governance, democracy, human rights, and conflict resolution, together with the trade policy objectives of dismantling protectionism under the trade liberalization ethos. However, as a broad policy statement, the European Consensus failed to set the development policy criteria to direct these policies. In a sense, this was not even intended as high hopes were pinned on the expected outcomes of the multilateral and bilateral trade talks. Due to the Community competence in trade, these processes were led by DG Trade. Yet, this debate should take place, especially in the current situation in which development results risk remaining undelivered. This is our third and final lesson.

In more general terms, the fact that the statement was signed by the leaders of the three Institutions – the Presidents of the Council and the Commission as well as the European Parliament – indicated a new type of acknowledgement of the importance of the development policy. Development policy issues had – at least momentarily – become issues for the Union as a whole, and the undertaking was also broadened

5 The European Consensus on Development 2005: paragraph 35.

6 See EU Security Strategy 2003.



Nicaraguan primary school pupils waving EU flags.
Nicaragua is a major recipient of EU development funding in Latin America. Photo: EuropeAid.

to encompass the immediate external policies, while improving the traditional ‘development aid politics’ along the lines of international commitments. This statement showed that the EU development policy was no longer merely about the politics of aid. It was also a call for the neighbouring branches to respond. With the changes brought about by the Lisbon Treaty, the task of clarifying the interrelations between the three external branches is now more pressing than ever.

The new institutional landscape: At the service of the development policy?

According to the Lisbon Treaty, the Union development policy shall be conducted within the framework of the principles and objectives of the Union’s external action. At the same time, the EU development cooperation policy and member states’ development policies should ‘complement and reinforce each other’.⁷

In this respect, the Lisbon Treaty did not change this basic division of competences, but it does provide a welcome incentive to continue along the lines of a joint European development vision as discussed above.⁸ However, the relationship between the

former ‘Community Development Policy’ and, in Lisbon Treaty parlance, the ‘Union Development Policy’ and member state actors and policies remains a highly political question, as discussed above. In addition, the Lisbon Treaty reinforces the Union commitment to policy coherence for development, stating that ‘the Union shall take account of the development cooperation in the policies that it implements which are likely to affect developing countries’ (Art. 208). In this section, we will analyse the current institutional structure at the service of these commitments. In particular, we will look at the institutions that exercise the power to initiate and implement the development policy. These include the European Commission and the Council as well as the role of the new actor, the European External Action Service. The paper also acknowledges the strengthened role of the European Parliament, particularly in the conclusion of international treaties with development impact.⁹

As always, the main challenges lie in the process of transforming the intentions enshrined in the Treaty provisions into everyday politics. In this regard, the role of adequate institutions and the division of labour between the actors is ever more crucial. From the development policy point of view, the new institutional structure and respective changes again pose

7 The Lisbon Treaty, Article 208.

8 Paris Declaration on Aid Effectiveness (2005) and the European Consensus on Development (2005).

9 On the new functions of the European Parliament, including trade and agricultural policies, see Tiilikainen, Teija: FIIA Briefing Paper 91, November 2011.

both challenges and opportunities. To secure the best outcome, it is more than justifiable to use the leverages that already exist, while developing those in the making. In this regard, it might be useful to consult the European Consensus on Development statement which, as it is still in force, has represented a historic inter-institutional commitment towards the development policy and its objectives to gain the appropriate political will in a time of transition. It is equally important to ensure that the principles related to the development policy (namely Aid Effectiveness and the Accra Agenda of Action), as well as the principles concerning the interrelationship between the external policies (Policy Coherence for Development) are adopted across the institutional board. It is crucial to have the appropriate norms in place to safeguard the values that the EU is supposed to promote.

The European External Action Service:

Cutting across competences and policy coherence

As the establishment of the European External Action Service (EEAS) has in itself become the institution in which the spirit of the Lisbon Treaty is crystallized, its functions are therefore of utmost importance for the development policy at the Union level. By its very rationale, it should be a natural candidate for a leading role in this renewed and enlarged Consensus. The EEAS should not be seen solely as a fruit of EU foreign policy reform, but as a reform of external relations by and large. Starting from the highest sphere – the High Representative for Foreign Affairs and Security Policy with her institutional functions as the Vice President of the Commission and Chair of the Foreign Affairs Council – high hopes have been pinned on the ability of these functions to breathe new life into the consistency (Art. 22) and coherence of external action, particularly when it comes to the objectives of the development policy (Art 208).

Ideally, by virtue of its leadership, the EEAS is situated at the core of the institutional patchwork. However, the EEAS is, in essence, an administrative structure at the service of policy-makers. But where the European development policy is concerned, policy-making seems to be particularly complex as the struggle over development policy leadership and shared competence has not yet been permanently resolved among the EU institutions and between the EU and national levels. In addition, much depends on how well the institution itself will perform in achieving the development objectives.

In this respect, the EEAS's role is crucial. Its impact extends from Brussels to the EU delegations on the ground. In addition, the EEAS builds linkages between the EU institutions. Regarding the former, the development expertise within the EEAS builds on the former Commission's External Relations Services (DG RELEX) and those parts of DG Development that were transferred and integrated into the EEAS. Albeit overshadowed by a degree of ambiguity in the final division of labour and responsibilities, the EEAS, together with its extended arm of the EU delegations in developing partner countries, is in charge of conducting the EU's external relations on the ground. This fact is particularly interesting from the EU development policy point of view, as during recent years more power has been delegated from Brussels to the delegations level so as to improve the efficiency and impact of the Commission development policy in the country context. Now in charge of the EU delegations in third countries, the EEAS is not only leading diplomacy and political dialogue, but also the strategic planning and programming of development assistance across the globe.

Although the original purpose of the EEAS was to unify the EU's external presentation and policies, what is currently worth noting is the fact that the EU delegations under the EEAS include EEAS and Commission delegates as well as national diplomats alike. However, from the development policy perspective, the uncertainty of specific development expertise and readiness to align with the EU's own as well as international donor practices such as the Paris Declaration and its Principles on Aid Effectiveness, has become a major concern for development practitioners in Europe. This is crucial because since the Lisbon Treaty, the EEAS also largely manages the financial instruments for development funding. These include substantial geographically divided envelopes for the European Development Fund (EDF) for 79 African, Caribbean and Pacific countries, the Development Cooperation Instrument (DCI) for 47 countries, together with the European Neighbourhood and Partnership Instrument (ENPI) with Eastern European and Southern Mediterranean countries.

However, the EEAS's counterpart in the Commission, the DG DEVCO, which after the establishment of the EEAS is based on the former DG Development and EuropeAid, is still in charge of the implementation of EC development cooperation, and the planning and programming of thematic development aid.

By virtue of this re-organization under the EEAS, the EU scope appears truly global, yet geographically structured within one institutional structure. On the flip-side, it seems that the development policy cycle, including planning, programming, implementation and evaluation, risks being divided between two institutional entities as in the past, namely the former DGS of RELEX and Development.

In addition, the internal division of regional directorates reveals historical and political dissembling when it comes to the African, Caribbean and Pacific (ACP) group. While rational from the EU as well as from the regionalization point of view, the ACP countries may interpret this as a further deterioration of their position as these countries have now, after four decades of institutionalized ACP-EU cooperation, been divided between the Sub-Saharan (yet also in charge of the horizontal ACP issues), Latin American and the Caribbean and Asian, Central Asian and Pacific States.

Intriguingly, the inter-institutional ACP-EU relationship has constituted a contested but concrete backbone to the historically specific constellation of the past Lomé Conventions (1975–2000) as well as currently under the Cotonou ACP-EU partnership 2000–2020. In the post-Lisbon landscape, the Commission has clearly opted for a global and regional approach in the development policy with less emphasis on the ACP group as a political group and as a potential counterforce. The European Parliament, however, has maintained the ACP-EU inter-institutional features while supervising and influencing EU development policy – increasingly also on policy coherence for development – through the Committee on Development (DEVE).

To summarize, while the merger of DG development and EuropeAid and the global extension of the scope was good news for the development community, there are still a number of issues to be resolved. The remaining ambiguity resides in two places: in the interrelationship between the EEAS and the DG DEVCO, and between the EEAS and the member states' roles. Regarding the former, it is as yet unclear whether it should be the development Commissioner that has the overall responsibility for this exercise of strategic planning of EC development cooperation, and how the member states are going to align themselves to these new structures. In this respect, the informal Inter-Service Quality Support Group of

the Commission, which used to harmonize the policies and practices between the Commission external services' DGS, could also play a role in this changed setting as a watchdog for the implementation of the principles and practices at the Brussels level.

Yet another feature of the EEAS and DG DEVCO has to do with the EU's increasing emphasis on budget support as a development assistance instrument, which highlights the importance of development expertise at the delegations' end. This is due to the necessary assessment procedures which determine whether budget support is applicable in a given country context. According to the Commission, the staff resources at the delegations have to be reviewed. Therefore, the Commission proposes setting up senior regional teams at Headquarters and Delegations that would consist of relevant Commission DGS and the EEAS. These teams would then consult and cooperate with the member states.¹⁰

Regarding the EEAS and member states' roles, the European Consensus on Development showed that a policy of shared competence would benefit from a joint vision. In the current institutional situation, although the European Consensus is still formally valid, the European Commission in particular fears that the buried bones of contention will surface again. The rise of national and more foreign policy-dominated interests within the EEAS may lead to post-Lisbon confusion, rather than to a renewed consensus. In this respect, the new actor in the field may complicate the issue of shared competence.

On a more positive note, the changes on the ground at the delegations' level provide the opportunity for closer coordination and EU development policy through the EEAS axis. In turn, this will create an opening for improving the acknowledged synergies between the foreign and security policy and development. This might come in handy, especially in the context of fragile states. To this end, the Commission has introduced a joined-up approach to security and poverty.¹¹ The successful implementation of such an approach would be highly welcomed from the policy coherence perspective. Also in more general terms, the time is indeed ripe to promote governance and

¹⁰ European Commission COM (2011) 684 final. 'The Future Approach to EU Budget Support to Third Countries'.

¹¹ Ibid. 11–12.

democracy as well as conflict resolution in the aftermath of the Arab Spring, which augurs well for this agenda and the EU institutions promoting it.

While the CFSP and the development policy will now be more closely interconnected by the new structure as development and the CFSP are now housed together, the EEAS-DG DEVCO linkage is essential for the incorporation of the Commission and external trade aspects into this equation. This is particularly the case as the international context seems even more demanding of the development and trade aspects because the global processes – especially with regard to the ten years of international trade negotiations – have been marked by major difficulties.

To the disappointment of many, the Doha Round has very much lost its ‘development’ course over the years. Even more alarmingly, the EU’s own bilateral trade negotiations, especially regarding the Sub Saharan African interim Economic Partnership Agreements (EPAs), have largely failed to deliver mutually satisfactory results. This is particularly alarming in terms of the common objectives for external relations that the Lisbon Treaty aims to promote, namely the multilateral abolition of restrictions in international trade and the integration of its developing country partners into the world economy (Art. 21) through balanced trade rules and arrangements. At the same time, increased development funding has been allocated precisely for the improvement of the trading capacity in developing countries under the Aid for Trade development funds (€10.4 billion in 2008). Even though support for the trade sector is crucial in itself, without enabling local, national, regional and global trading environments, the impact of the aid will inevitably remain more limited.

The jury is still out on the degree to which the objectives of these other EU policies were actually reconciled with the development goals as more analysis and understanding is needed to grasp the bigger picture. At the same time, the challenge also resides within the Commission, as in this new setting the need to safeguard the internal cohesion of the Commission may be even greater than before. Despite the joint external objectives, in policy negotiations the devil is often in the detail. This is important because the Commission unity de facto requires compromises that may not be the first choices for

the development policy. This will be the litmus test for the single interlocutor for the EEAS and all Commission DGs, especially for those with external development impact. As the Commission view is negotiated through the process of inter-service consultation, one possible yet controversial way would be to increase the transparency of this process. Another important entry point here is already provided by the Lisbon Treaty, namely the new role of the European Parliament as a co-legislator in the trade policy.

The Council and the Foreign Affairs Committee

At the same time as the debate has largely centred on the EEAS, the organization of the Council structures has received less attention. Here, the most relevant council for the international development issues is the Foreign Affairs Council (FAC). Consisting of the CFSP, trade and development policy and chaired by the High Representative, it would offer a natural niche for cross-sectoral coordination and direction. In addition, development ministers also meet every six months in the informal Development Council. However, a lot hinges on how the understanding of consistency and coherence will be built into the preparation of the FAC agendas. For this purpose, the ‘issue with development impact’ that characterized the practice of the previous Council agenda should be maintained.

It is equally important to look at the organization of the Council work at the Working Group level. In order to consolidate the role of the EEAS in this context, a development cooperation and coordination unit was established for the EEAS as a part of the Multilateral Relations and Global Governance organizational line. With this entity now in place, it is hoped that the previously very limited exchange between the thematic Council working groups will improve.

Another interesting change which merits a closer look and future analysis is the role that remains for the rotating EU presidency in this new setting. Before the Lisbon Treaty, it was of utmost importance for development cooperation which member state was in the driver’s seat and leading the agenda. With the advent of the Lisbon Treaty, this function is set to diminish. Intriguingly, the only external relations working groups that are still chaired by the Council Presidency are those of development cooperation (CODEV) and the ACP group.

Development policy focus post-Lisbon: A new policy agenda for change?

An additional challenge for the development policy lies in the fact that the EU development policy content is undergoing changes in line with the institutional transformations. In this post-Lisbon situation, it is particularly important to get it right so as to demonstrate that the development policy has both the practical wisdom and the intellectual rigour to fit in with the EU's external front. To this end, the Commission launched its Green Paper entitled 'EU Development Policy in Support of Inclusive Growth and Sustainable Development: Increasing the Impact of EU Development Policy' and initiated a consultation process for all interested stakeholders (November 2010–January 2011). This kind of consultation practice was already applied when the European Consensus on Development debate was launched in 2005. However, this time the Commission initiative and the Green Paper were greeted with mixed emotions that clearly reflect the complexities embedded in the EU development policy. At the heart of the matter was again the rather undefined identity of the development policy as a collective undertaking of the Union, as well as its place in its external policy puzzle.

Somewhat paradoxically, the Commission's Green Paper seemed to argue in favour of the efficiency of development aid in times of financial crisis, while at the same time downplaying the importance of development aid per se. Certainly, it is of paramount importance to continue improving the EU's foreign aid practices, as well as to assess the development policy in the wider context. What is still missing, however, is a common understanding of whether the development policy is a policy sector in its own right and, if so, what elements it needs to include in addition to the traditional development aid. Whereas the idea that the development policy should have a facilitating and enabling function in the partner countries was welcomed, the unclear policy image in relation to the other EU policies was regarded as a risk. Thus, perhaps the biggest question was whether the EU is ready to think outside the box of sectoral division and accept that consistency and coherence would also be defined from the point of view of development objectives.

In this respect, the overall aim of the Green Paper was not clear from the outset. Although its stated purpose

was to tease out the debate and thereby shape the planned Commission proposal, it was uncertain to what extent the Green Paper was designed to reform the development policy starting from the premises of the development policy field, or whether it had a larger mandate to adjust the development policy to the functions of the Union at large. The similarity in the approach suggests the latter as references to the EU-2020 strategy were quite evident. However, the linkages to the European Consensus on Development statement were strategically less lucid and recognizable, which was rather alarming from the development policy reform perspective. Also, the question of the future of the consensus was left open at that initial stage of the consultation.

Interestingly, the resulting Commission proposal entitled 'Increasing the Impact of EU Development Policy: an Agenda for Change' (October 2011), takes as its starting point that 'the Lisbon Treaty has firmly anchored development policy within EU external action'. The stated purpose of the Commission proposal was not to challenge the European Consensus on Development but to adjust the EU development policy to the post-Lisbon realities with 'a right policy mix' to correspond with partner countries' needs. At the same time, the proposal argues that the EU development policy has to focus on partner countries where it can have the greatest impact, and concentrate development cooperation in support of the key areas that form a nexus with the other branches of the external relations. Most evidently, the priority-setting reflects this in terms of 'good governance' (including human rights, democracy, the rule of law and other aspects) as well as 'inclusive growth for human development'.¹² When compared with the Green Paper, the focus on governance has increased in relative importance. At this stage, one can assume that the Arab Spring as well as the increasing influence of the EEAS may well explain this. In addition, the Commission underlines that the pursuit of these objectives should be supported by differentiated development partnerships, coordinated EU action

¹² The proposed EU focus on inclusive growth is defined as being based on long-term poverty reduction, and growth patterns and rates based on people's participation wealth and job creation. The key areas include, firstly, social protection, health, education and jobs; secondly, business environment, regional integration and world markets; and, thirdly, sustainable agriculture and energy. com (2011) 637 final.

between Brussels and the member states, as well as improved coherence among EU policies.

In this respect, the central role given to the larger governance agenda in development is welcome because of its fundamental importance, its clear basis in the European Consensus on Development statement, as well as evident synergic linkages to the CFSP. The prerequisite is, however, that the development actors and their counterparts are ready to cooperate across the sectors and have sufficient resources to make an informed analysis, and the will to support these views from the development partnership perspective.

When it comes to the EU trade policy in this equation, however, the opposite is unfortunately the case. In fact, the trade dimension of the Commission's Agenda for Change is alarmingly weak. Whereas in the European Consensus on Development trade was seen as the most important sector for development, in this Commission's proposal, this aspect has been almost completely ignored. This is particularly surprising as the development policy's trade vision is crucial to the proposed 'inclusive growth paradigm', as well as to the development policy objective of 'fostering sustainable economic development' at large. In light of this, the EU's stated emphasis on policy coherence for development is lacking one of the external relations dimensions. What is needed is an integrated analysis of policy coherence for development and the EU development policy on 'inclusive growth' so as to point out what kind of policy changes and additional measures are required from the EU trade policy in order to support development.

The global context in which the EU operates is becoming increasingly demanding. This paper concludes that it is crucial that the institutional structures facilitate both the development policy per se, as well as the wider agenda of external relations in this respect. Although the closer relationship between development and foreign affairs may be a flourishing one, turning a blind eye to trade risks paralyzing the external relations provisions of the Lisbon Treaty. What is needed is an EU development policy with the vision and the will to encompass both aspects, so as to truly contribute to a coherent EU action in the world and, eventually, to development policy objectives. That would really constitute an Agenda for Change.

The Finnish Institute of International Affairs

Kruunuvuorenkatu 4

FI-00160 Helsinki

tel. +358 9 432 7000

fax. +358 9 432 7799

www.fii.a.fi

ISBN 978-951-769-326-4

ISSN 1795-8059

Cover photo: EuropeAid

Layout: Juha Mäkinen

Language editing: Lynn Nikkanen

The Finnish Institute of International Affairs is an independent research institute that produces high-level research to support political decision-making and public debate both nationally and internationally. The Institute undertakes quality control in editing publications but the responsibility for the views expressed ultimately rests with the authors.