





**CONSULTATION ON THE FUTURE OF EU DEVELOPMENT POLICY
ISSUES PAPER**

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Table of contents

1. INTRODUCTION	2
2. ISSUES FOR DEBATE	2
DEVELOPMENT IN EU ACTION.....	3
Issue 1. The objectives of the Community/EU development policy	3
Issue 2. Development and security	4
Issue 3. Integrating trade and development	5
Issue 4. Migration and development	6
Issue 5. Environment and development	7
DEVELOPMENT ACTORS	8
Issue 6. An EU policy or a 25 + 1 policy?.....	8
Issue 7. Partners: reinforced ownership and broader participation.....	10
CONCENTRATION AND DIFFERENTIATION.....	11
Issue 8. Priority sectors and cross-cutting themes	11
Issue 9. A common thematic framework for the European Union and Member States development policies	12
Issue 10. Differentiation.....	15
Issue 11. Transition situations – Linking relief and development aid	16
FUNDING DEVELOPMENT AID.....	17
Issue 12. Allocation of financial resources	17
Issue 13. Global initiatives.....	18
Issue 14. Aid modalities	19
3. CONCLUSIONS.....	21

1. INTRODUCTION

The framework for the Community's development policy is provided by the Treaty and by the Declaration adopted by the Council and the Commission in November 2000; they determine the main thrust of policy and lay down the basic principles underlying the Community's approach to development cooperation.

The main message in the Declaration is that the primary objective for Community development policy is to combat world poverty. The question is whether that should still be the number-one goal four years on. The answer "yes" is not as obvious as it may at first seem, given the new priorities that have arisen for EU external action and the pressures on cooperation.

There are three main reasons why the Council and the Commission should review the Declaration on Development Policy:

- an accelerated globalisation process which includes not only trade and economic matters, but also all the major issues (environment, health, migration, security, ..) and makes it necessary to step up cooperation and extend the scope of partnership agreements with developing countries, in conjunction with aid for development as such. Development policy is becoming the privileged instrument for managing globalisation;
- new political priorities in an enlarged EU, in particular the European Neighbourhood Policy and the security strategy, and the draft Constitutional Treaty;
- the emergence of a more robust international consensus reflected in: the UN's Millennium Declaration and Development Objectives; the commitments made at Monterrey regarding funding for development, at Doha regarding trade and at Johannesburg regarding sustainable development; and the debate on the effectiveness of aid, covering issues such as harmonisation between donors and the tailoring of aid to policies and procedures in the partner countries.

A wide-ranging debate is needed to clarify the role of European Union development policy and aid, in order to review the way the EU policies are articulated with the policies pursued by Member States and partner countries and with civil-society initiatives, in a spirit of coherence and complementarity. The discussion should also take stock of the Commission's resources and competencies. The new Statement which will result from the current debate will provide a framework for a longer-term reflection and positioning of the Union on a series of issues in the international debate, as well as a framework to guide the implementation of EU aid for development.

2. ISSUES FOR DEBATE

This document is divided into four groups of straightforward, basic issues, starting with general points and becoming progressively more detailed and practical in nature.

The first group of questions concerns the general development-policy framework and coherence with other aspects (non-exhaustive list) of EU external action which are closely connected to development objectives. These are the "why" questions.

The second group relates to the actors in development. In Community development policy, the key players are the Commission and the EU Member States. Other crucial stakeholders are the aid recipients with emphasis on partnership and the principles of ownership and participation. These are the "who" questions.

The third group of questions is about defining new priorities for action but also the need for approaches to implementation that take account of specific contexts and needs. These are the “what” questions, which must deal with the challenge of reconciling the principle of concentration with the need for responsiveness and flexibility.

The last group looks at financial resources and modalities for managing aid. These are the “how” questions, the means for implementing development policy.

DEVELOPMENT IN EU ACTION

Issue 1. The objectives of the Community/EU development policy

State of play

Development policy is an integral part of the European Union’s external action. The draft Constitutional Treaty presents this external action as aiming to “foster sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty” while safeguarding the EU’s values, fundamental interests, security, independence and integrity, preserving peace, preventing conflicts and strengthening international security.

Reducing and eventually eradicating poverty is identified as the main objective of development cooperation in both the EC Treaty and, in even more precise terms, the draft Constitutional Treaty. This objective should be understood in a multidimensional sense, and entails intervention in the areas of economics and trade as well as in the social, cultural, environmental or governance spheres.

This is the framework for the EU’s development policy. Development policy is on the same level as the common foreign and security policy and trade policy, and must be articulated consistently with them. By the same token, the other policies must be coherent with development policy.

The EU’s partnership and cooperation agreements with individual developing countries and groups of developing countries also lay down specific objectives, including development objectives. Community aid supports implementation of all aspects of these partnerships: development cooperation, economic cooperation, approximation of laws and the convergence of regulations on the European model for neighbouring countries, and cooperation on security.

For discussion

- (1) The European Union must make its policies more coherent with one another if it wants to play a bigger role as a global partner and a global player. Greater complementarity and a better division of labour between EU members would help. The EU can help push policy decisions taken in global forums in a more development-friendly direction, to facilitate problem-solving in a partnership framework and support multilateralism.
- (2) The main frame of reference for the EU’s development policy should be its international commitments, especially the Millennium Declaration, whose objectives include the Millennium Development Goals, particularly eradicating poverty and hunger, but also including other objectives such as peace, security and disarmament; environmental protection; human rights, democracy and good governance; protection for vulnerable groups; the need to respond to Africa’s special requirements and the strengthening of the United Nations.
- (3) The EU must take full advantage of any synergies between its different external objectives. This means that all concerned must recognise the importance of a foreign and trade policy geared towards prosperity, peace and global security and a development

policy aimed at reducing poverty and inequality in developing countries now and for the benefit of future generations.

Issue 2. Development and security

State of Play

Security and development are complementary agendas; there can be no sustainable development without peace and security and development is an essential condition for security. Security is defined in its broadest sense embracing both “State security” and “human security” – citizens’ ability to live in freedom, peace and safety.

For the new financial perspectives 2007-2013, the Commission has proposed a coherent framework which includes a new separate instrument for “stability” which would be complementary to the other new instruments (i.e. for pre-accession, neighbourhood and development and economic cooperation).

Sustainable development is the best structural solution to address root causes linked to poverty and governance failures, of potentially violent conflict and of the emergence of terrorism. These linkages are recognised in EU policies, such as on conflict prevention; linking relief, rehabilitation and development; and on governance and development. Remaining engaged even in the most difficult country situations is advocated for reasons of solidarity with populations, long term aid effectiveness and global security. Preventing the emergence of failed states becomes crucial.

The European Security Strategy (ESS) adopted by the European Council in December 2003 argues for an integrated approach to conflict prevention and crisis management. None of the new threats are purely military, and each needs to be tackled by using a mixture of civilian and military instruments. The Commission and the Member States are strongly committed to multilateralism, and efforts to further strengthen the EU-UN cooperation are among the priorities identified by the European Council. Substantial support is channelled via UN agencies, funds and programmes such as the UNDP, WFP, WHO, UNEP, UNCHR, ILO. Moreover, relations between the EU and the UN have intensified in recent years. They now include subjects such as crisis management, post-crisis reconstruction and rehabilitation, conflict prevention, governance; and are being further structured through the signature of Strategic Partnerships in different areas.

For discussion

- (1) **Coherence** – Intensify efforts to achieve a more coherent and effective implementation of EU/EC external action in the area of security and development. This entails: promoting an integrated policy mix supported by an appropriate instrument mix, balancing short term responses to crisis with longer term strategies, without creating a hierarchy of policy areas. The increase in political conditionality and the diversion of development resources for other, legitimate, security type concerns need to be avoided.
- (2) In the debate on DAC/ODA eligibility in relation to peace, conflict and development, carefully examine the definition taking into account the new context that has emerged, especially in Africa, and the specific cases where it is felt that peace and security expenditures are legitimate for development.
- (3) These policy interactions should be undertaken with the aim of safeguarding ODA expenditures and focusing these expenditures on the huge task of reducing global poverty and achieving sustainable development.
- (4) **Prevention** – Move from reaction towards prevention, and develop integrated policy approaches on prevention of state fragility. Main challenges include increasing the capacity of regional organizations (particularly in Africa) and of partner countries to engage in prevention.

- (5) **Coordination/harmonisation** – Consider innovative approaches integrating security and development concerns and new coordination networks including development/security/defence communities, both in headquarters and at the field level.

Issue 3. Integrating trade and development

State of play

Trade is a powerful tool to foster economic growth, necessary for achieving development and poverty reduction objectives in developing countries. Improving market access for developing countries to developed markets is one key element. Other important elements are the need to ensure that developing countries have the appropriate domestic policies and capacity in place to fully reap the benefits of increased openness, and the question of how potentially large gains can be distributed more evenly and reduce poverty and inequality. The main issue is how to make good use of the substantial benefits brought about by trade liberalization, while at the same time guaranteeing that these benefits also reach the most vulnerable and marginalised countries. In order to improve trade and growth of developing countries the EC's trade policy operates on three main levels: unilateral, bilateral and multilateral. In particular, EC action is guided by the principle that multilateralism and regionalism are complementary and, if properly designed and implemented, are mutually supportive. The EU has *unilaterally* opened its market to developing countries and it is the largest and most open market for them, in particular for LDCs (Generalized System of Preferences including Everything but Arms for LDCs). Trade concessions at the *bilateral* and regional level are included in the Cotonou Agreement (ACP countries), and numerous bilateral trade agreements. The negotiations of the Economic Partnership Agreements, initiated under the Cotonou Agreement, focus on the replacement of the preferential trade regime extended under the successive Lomé Conventions, by a WTO compatible trade regime. They are based on the concept of South-South-North cooperation, using trade to promote regional integration among developing countries, as well as with the EU, fostering growth and development. Through the Doha Development Agenda (DDA), for the first time development has been put at the heart of multilateral trade negotiations and this will influence EU decisions at the unilateral and bilateral level as well.

EU trade policy is differentiated between two groups of developing countries: on the one hand the larger, more diversified and industrial group of developing countries (identifiable with G20 in WTO) on the other hand the small economies, including small islands, least developed countries and most African countries (identifiable with the G90 in WTO). Despite improvements, the effective participation of developing countries (especially the small economies and the least developed countries) remains limited in the DDA negotiations.

Multilateral trade liberalization inevitably poses the question of the erosion of preferences which is a challenge for many developing countries. While recognizing that it can bring competitiveness and investment advantages, they fear the pressure of trade competition with developed countries on their economies. Therefore the EU is committed to step up its trade related assistance (TRA), which is designed to encourage a better participation of developing countries in the rules making process and to facilitate the adjustment by the local private sector and the government. Within the multilateral and the community trading system, appropriate use of the principle of special and differential treatment for Developing Countries remains fully applicable.

The EU is committed to work towards a development friendly and sustainable outcome of trade negotiations. This implies *inter alia* to decrease the level of trade distortive measures such as subsidies to the agricultural sector, in the context of the implementation of the common agriculture policy reform. It also requires removing tariff peaks and tariff escalation. A similar approach is adopted in the context of the fishery policy, in view of the fact that fishing represents one of the most important economic resources for many developing countries. The

adequate management of fishery resources is the crucial factor to ensure that fish stocks are sustainably exploited. This requires a new policy on subsidies, as these are partially responsible for overcapacity and over fishing.

In view of the great potential of trade for development, the EC's future development policy should give higher priority to supporting developing countries in their efforts to establish transparent and predictable regulatory, legal and institutional frameworks at the national and regional level, as these frameworks are essential to creating a stable and attractive environment for local, regional and international trade and investment, and establishing sustainable growth paths. In doing so, the EC should in particular help developing countries to develop trade strategies which reconcile trade and investment benefits with their environmental and social policy objectives.

For discussion

- (1) Identification of proper ways to integrate developing countries (particularly small countries and LDCs) more effectively into the multilateral trading system.
- (2) EC should react to trade-induced adjustment challenges faced by developing countries, and especially the weaker and more vulnerable among them, for example in sectors likely to face much greater international competition such as sugar, bananas, and textiles and clothing, for HIPC countries facing these challenges, there should be new possibilities to advance debt relief.
- (3) Trade should be integrated more effectively into developing countries' own domestic policies (including poverty reduction strategies): integration of the necessary regulatory, legal, judicial, and institutional changes into national development policies
- (4) Rules of origin should be made simpler and less restrictive in order to counteract preference erosion and to allow beneficiary countries to take advantage of preferential regimes.
- (5) Non-tariff barriers such as compliance with veterinary, technical, sanitary and phytosanitary standards faced by exports from developing countries as well as the issue of loss of customs revenue resulting from trade liberalisation (e.g. via trade facilitation and customs/tax reform) should be addressed
- (6) Promoting S-S regional integration initiatives and appropriate domestic policy reforms in view of their positive impact on both development and the promotion of a more equitable international trading system.

Issue 4. Migration and development

State of play

The influence of migration on global development is basically positive: positive for migrants because it enables them to fulfil their personal aspirations; positive for the EU because it fills gaps in the employment market and increases the size of the workforce and thus the number of taxpayers; positive for the developing countries because it takes some of the pressure off the domestic employment market, brings in far more foreign currency overall than is received in official aid, and enhances skills.

However, migration can also cause problems: for migrants when they are trafficked or fall victim to criminal exploitation because of their illegal status; for European society, primarily because of the lack of opportunities for legal immigration and failed integration policies; and for developing countries, when they lose skills as a result of a brain-drain.

The process of establishing an EU migration policy is well underway. In this context, the development community has been challenged to explore links and synergies between migration

and development, and to consider how migration concerns can be integrated into the development agenda, including EU concerns in relation to illegal migration to the EU. In December 2002, the Commission presented its first response in this regard with its Communication on integrating migration issues into European Union relations with third countries. The Communication lent balance to the debate, by underlining the importance of south-south migration flows (both refugees and labour migration), and by exploring the positive impact of migration on the development process (remittances, ‘brain gain’). With regard to the issue of undocumented migration to the EU, the Communication emphasised that development cooperation contributes best by combating the root causes of forced migration and refugee movements through poverty eradication, conflict prevention, food security and good governance.

For discussion

- (1) Develop a political dialogue with third countries on all aspects of migration of mutual interest and effectively integrate the migration and development agenda resulting from this dialogue into the national and regional strategy papers. This must be done while maintaining a clear distinction between aid for development purposes and aid for other EU objectives;
- (2) In the framework of a globalised economy, promote well-ordered international labour migration – including for low-skilled workers – through the enhancement of GATS Mode 4 (dealing with cross-border service supply through the temporary movement of natural persons);
- (3) Elaborate further – in cooperation with relevant international agencies – how to turn ‘brain drain’ into ‘brain gain’. As a part of this approach, encourage EU Member States to refrain from ‘harmful recruitment’ of highly trained and skilled staff from under-serviced regions in developing countries;
- (4) Work out mechanisms to bring down the costs of transferring migrant remittances and to maximise their impact as a positive factor of development in third countries.
- (5) Increase support for international protection, including by assisting developing countries to better manage asylum, while rejecting proposals to give these developing countries the responsibility for asylum claims of people seeking refuge in the EU.

Issue 5. Environment and development

State of play

Environment is one of the three pillars of sustainable development and as such is a full component of development objectives and cannot be considered only as a crosscutting issue. The environment matters greatly to people living in poverty. The poor often depend directly on natural resources for their livelihoods; at local level they are often the most affected by unclean water, indoor air pollution and exposure to toxic chemicals; and they are particularly vulnerable to environmental hazards such as floods, droughts, and climate change and to environment-related conflicts (e.g. access to water, land and other natural resources of sufficient quality). Addressing these poverty-environment linkages must be at the core of national efforts to eradicate poverty and to move towards an overall sustainable development. Poor people must be seen as part of the solution – rather than part of the problem. Efforts to improve environmental management in ways that contribute to sustainable growth and poverty reduction must begin with the poor themselves. Given the right incentives and support – including access to information and participation in decision-making – the poor will invest in environmental improvements to enhance their livelihoods and well-being. At the same time, it is essential to

address the activities of wealthier sections of society since they are the source of most environmental damage. Improving environmental management in ways that benefit the poor requires policy and institutional changes that cut across sectors and lie mostly outside the control of environmental institutions – changes in governance, domestic economic policy, and in national policies. This should be done through the full consideration of the environmental dimension of the sustainable development in each national development strategy, through sectoral policies but also where appropriate and when it fits in with national priorities, by identifying the environment as a focal sector of cooperation.

Conversely, many environmental issues which are seen as crucial by developed countries are addressed through regional or global mechanisms such as Multilateral Environmental Agreements (MEAs) or inter-governmental processes, which provide for actions and initiatives by countries, including developing ones, most of which are parties to these agreements and share their objectives. These issues are often not seen as an immediate priority for developing countries, considering the different time frames in which these processes and issues are addressed (decades) as compared to the rather shorter timeframe of poverty reduction strategies. It is widely accepted however that solutions to these global environmental issues (climate change, protection of biodiversity, desertification, transboundary movements of wastes and toxic chemicals etc) are global and cannot be designed nor implemented without participation of all countries even if it is also clear that developed countries must take the lead and support most of the burden in accordance with the principle of common but differentiated responsibilities.

For discussion

- (1) Environment is one of the three pillars of sustainable development. Mechanisms to ensure its full consideration in the elaboration and more importantly in the implementation of national development strategies need to be put in place, for example by complementing the set of performance indicators in order to include the environmental dimension.
- (2) Global environmental issues (climate change, biodiversity loss, land degradation, global pollution...) are not of immediate priority for developing countries. Developed countries have the primarily responsibility for addressing these issues even if global solutions need involvement and commitment by all countries, in accordance with their common but differentiated responsibilities. Addressing these global environmental issues in an appropriate manner will therefore need additional efforts from the developed countries through their environmental policies including additional financial means to be channelled through external thematic programmes, over and above complementary country-specific allocations.

DEVELOPMENT ACTORS

Issue 6. An EU policy or a 25 + 1 policy?

State of play

Development is a shared competence within the EU. The Commission pursues a development policy and manages about 20 percent of total EU development assistance on behalf of the Community. Between the Community and the Member States the principles of coordination, complementarity and coherence – so called “three Cs” – apply. The implementation of the 3 Cs, however, should lead us not to simply regard the Commission as the 26th player, but to assign it a specific role in that context. The credibility of EU external action and the effectiveness of the

EU development policy require a consensus on a common platform of action. Complementarity as the ultimate objective – expressed in an effective division of labour - can only be achieved in the framework of common policies and strategies, programming and procedures for delivery of aid. Achieving a common platform is even more urgent in the light of the recent enlargement and of the ongoing efforts by the new Member States to build up their policies.

The idea here is not to move towards a centralised system of cooperation, nor to replace Member States competences. In practice, enhanced harmonisation of the EU approach should be based on expertise and on the comparative advantage of individual Member States in certain regions, countries and/or sectors. A bottom-up division of labour, starting from experience in the field, would provide a much needed step forward both in terms of the Union's overall consistency and its convergence towards partner countries' priorities and efforts.

Actually, at the operational level there is a lack of co-ordination and harmonisation between donors and a resistance to align along partner countries' own development priorities, policies and systems. This results in reduced aid effectiveness duplication of efforts, inconsistency of approaches and burdening recipient countries with innumerable programming, monitoring and evaluation, implementation and auditing exercises. Alignment would be the best way to enhance effectiveness and thus reduce the transaction costs of aid delivery. The experience of the new Member States, as former beneficiaries of external aid, is useful in this regard.

At the Barcelona European Summit in March 2002 the European Union committed to concrete steps on coordination of policies and harmonisation of procedures before 2004, both at European Commission and Member States level, in line with internationally agreed best practices" (Barcelona Commitment II).

The Commission has made comprehensive proposals for action in that regard. These have been examined in detail by the Council. The recommendations adopted include:

- Agreement to focus on country-based and country-led approaches, avoiding duplication and working in a complementary way.
- Common assessment of needs by all MS and EC local representatives in every recipient country, leading to an EU roadmap offering a menu of actions
- Joint multi-annual programming on the basis of revised format for country strategy papers (CSP);
- Common framework for implementation procedures in the format of Joint Financing Agreements;
- Less micromanagement by Member States of EC assistance in the management committees.

Outside of the European borders, EU's involvement in shaping the strategies of the Bretton Woods financial institutions is well below its potential. The Union accounts for more than 30% of the equity in the IMF and World Bank, compared with the 17% stake of the US. However the US can block a change in the IMF's statute, whereas the EU is unable to do so, although its Member States occupy half the seats on the Board. A stronger EU voice would have a positive impact on development issues, especially in preventing and managing financial crises and in the lending policy and conditions that offer so much leverage when promoting reforms in borrowing countries. Furthermore, the EU could help push conditions in the direction of politically and socially sustainable development.

For discussion

- (1) The role of the Commission must progressively evolve with a view to developing its function of animating the European debate and initiating European approaches.
- (2) All the Member States have signed up to international commitments such as the Millennium Declaration or support for sustainable development. These commitments should be the basis for setting a common policy framework for both the Union and the

Member States, whereby implementation is actively coordinated. Beyond this general political framework, common country and regional strategy papers must lead to the above-mentioned division of labour, on the basis of expertise and individual capacity.

- (3) The EU should press ahead with steady and realistic harmonisation of its external action. This will give the EU's external action greater coherence. This approach needs to be supported and acted on by the Commission and all Member States.
- (4) Any new arrangements arising from the Constitutional Treaty, in particular the creation of a European External Action Service, will have to take account of the need for coherence, harmonisation and coordination in development policy.
- (5) The Commission is now drafting the EU's contribution to the 2005 review of the Millennium Goals. The level of our ambition is high. The EU wants to lead the way and that will require political commitment, the will to speak with one voice and the determination to follow words up with action.
- (6) Strengthening the voice of the EU in the IFIs is a gradual process that could move from a stronger co-ordination at EU level, via a unified representation to a possible single representation. In this context, Community membership of the Bretton Woods institutions should be carefully examined.
- (7) Reinforced co-ordination should lead to the EU speaking with one voice in all Regional Development Banks and in the UN system agencies where it should have a seat. For this to happen, the EC could contribute financially to the capital of these institutions where appropriate.

Issue 7. Partners: reinforced ownership and broader participation

State of play

The viability, effectiveness and impact of development strategies and programmes depend on how successful they are at integrating the priorities of the various institutional players in the partner countries and those of civil society. Dialogue and participation are crucial to achieving the reasonable degree of integration of the priorities and expectations of all parties involved in the strategies and programmes.

The principle of ownership means that governments – or the relevant regional institutions – take the lead in drawing up a strategic reference framework. This means a country's political and administrative institutions and civil society organisations (which may be either local or international organisations operating at local level) play a part in establishing development priorities. The governments and the EU then discuss these priorities, in association with other interested parties with a view to drawing up common agendas in the form of cooperation strategies, which help implement the national and regional development strategies, while also reflecting the EU development priorities.

The Community applies the principle of ownership in different ways in different regions. The Cotonou Agreement, based on a long tradition of partnership and dialogue, stresses ownership by the partner country whereas other cooperation frameworks are centred more on the EU's priorities. Cotonou sets out a number of legally binding principles concerning ownership by the partner country. These involve joint management of funds, joint signature of cooperation strategies and financing agreements, development of "ACP/EU" joint guidelines, a permanent contact through joint institutions and the ACP Secretariat as well as a practice of participation, consultation and capacity building of partner countries' civil society. The principle of ownership has been adapted to other cooperation frameworks, either to the partnership at the origin of the Barcelona process for the Mediterranean countries, or to the one based on Council Regulations governing cooperation with Latin America, Asia and central Asia countries. In these cases,

ownership by partner countries is ensured by a consultative process when the Country Strategy Papers are prepared, by the joint signature of Memoranda concerning the National Indicative Programmes and by the increasing importance given to sectoral approaches based on dialogue on recipient countries' own sectoral policies.

Where the ownership principle focuses attention exclusively on the partner country's priorities, this can sometimes produce rigid and ineffective decision-making procedures; EU's priorities may be neglected and it can make it difficult to take account of emerging initiatives that are innovative or global in scope.

In situations of difficult partnerships, development objectives generally do not feature prominently amongst the national government's political priorities. Dialogue between the various players can be thwarted by the government's lack of political will to involve others in the formulation of a strategy, or, in extreme cases, by the lack of any development strategy whatever or a suspension of cooperation. Applying the principle of ownership in situations like these is extremely complex; it involves stepping up the political dialogue with the government, putting in place an emergency exit strategy and finding appropriate ways of involving the various institutional, civil-society and supranational development partners.

For discussion

- (1) The principle of ownership must be put into practice in a balanced and consistent way in all geographical programmes, building on existing true partnerships with countries or groups of countries that allow for a broad dialogue, within the joint institutions or at other levels. The EU must encourage governments to be proactive in drawing up their country's development strategy by ensuring (i) that state and civil-society institutions take part and (ii) that the donors are involved in the process and that they align with the strategy of the country in question.
- (2) National parliaments and local authorities must play a bigger role.
- (3) All categories of non-state actors (developmental and environmental NGOs, trade unions, private sector, employers, companies, grass-roots organisations and the like) and other decentralised actors (local authorities, ..) should be enabled to participate in the different steps of the development process, with a view of enhancing their respective role and their potential to promote bottom-up development approaches.
- (4) The principle of ownership needs to be customised for difficult partnerships. In many cases, there will be a need for emergency exit strategies and strategies aimed at fostering a more effective partnership. The EU must develop alternative partnerships. It needs to identify "agents for change" in civil society and state institutions and to secure the involvement of other "supranational" players, such as regional organisations, multilateral institutions and UN bodies.
- (5) The relationship between the EU and civil society organisations in Europe must be refocused on the objective of encouraging the emergence of new potential actors and on mobilising action for development policy in order to better embed it in European society.

CONCENTRATION AND DIFFERENTIATION

Issue 8. Priority sectors and cross-cutting themes

State of play

Since November 2000, the Commission has been attempting to target Community development policy and aid on six priorities areas: the link between trade and development; support for regional integration and cooperation; support for macroeconomic policies and the promotion of equitable access to social services; transport; food security and sustainable rural development;

and institutional capacity building including good governance and the rule of law. In addition, there are cross-cutting themes that have to be integrated (mainstreamed) into all activities. These are: human rights, gender equality, children's rights and the environment. This concentration of development aid on a limited number of predefined areas is essentially justified on grounds of effectiveness: specialisation makes for more effective intervention.

Concentration has made it possible to develop a coherent set of sectoral policies and has allowed the Commission to increase its capacity and expertise in some sectors. With regard to country programmes, it has enabled the EU to develop coherent programmes where previously there was just a disparate collection of unrelated measures.

However, concentration, driving factor for effectiveness, should be accompanied by a proper division of labour between the Commission and the Member States in order to better meet partner countries' needs. This has not materialised until now. In addition, concentration has been made more difficult to put into practice by the multiplication of new initiatives, e.g. water and energy following the Johannesburg summit or integration of new EU priorities like immigration. Mainstreaming has remained merely a good intention within programming documents. Lastly, in some cases, the selection of focal sectors *a priori* has forced some countries to choose their priorities from a set menu and aid instruments have not been flexible enough to accommodate adjustment of priorities as and when the need arises.

For discussion

- (1) The principle of concentrating Community aid by country must be maintained for obvious reasons of effectiveness. Given the complexity of development, the Community, which is just one player amongst many, cannot do everything everywhere. However, the principle must be applied differentially; pre-defined areas should not be imposed. Sectoral priorities, as well as the most appropriate instruments and modalities of intervention, should be identified on a case-by-case basis through consultation at country and regional level, based on dialogue and negotiation with partners.
- (2) Stronger political dialogue is needed on issues that relate to the EU's values, particularly human rights, gender equality and children's rights.
- (3) The environmental dimension of sustainable development must be highlighted, and the individual measures taken for each country and region linked up, with the adoption of a more active role by the EU in global-governance mechanisms.

Issue 9. A common thematic framework for the European Union and Member States development policies

State of play

While the principle of concentration of Community aid at the programming stage of country-based assistance is a valid one, experience shows that it is hardly possible to meet partner countries' requirements with a set formula such as six priority areas. We need to get away from the current set-up if we want to be more responsive and more flexible.

The richness and diversity of the EU's cultures and of its political, judicial, economic and social models make it open to change and capable of taking on board the diversity of situations encountered in the developing countries.

Accordingly, the EU has developed its own distinctive political approach to certain themes. The Member States and the Commission can unite behind this distinctive approach, underpinned by the values and principles on which the European Union is constructed. Furthermore the EU has concluded a great many agreements with non-member countries that enable it to build up

cooperation in a variety of areas ranging from trade to development, security and political dialogue. There are synergies to be exploited between these areas.

For discussion

The EU has its own distinctive values and approaches in the following areas which could form the basis for a common thematic framework for EU and Member States' development policies. In each case, the measures referred to are examples only.

Theme 1. *Development of human resources and citizens' rights. This covers measures concerned with human rights, health care, population, AIDS, education, training, culture and gender.*

The MDGs emphasise human and social development. This reflects the fact that investing in human capital is a major policy response to the challenges of globalisation and growing inequalities worldwide. An integrated approach should build on the following three strands:

- (1) Draw on fundamental human rights and specific rights derived from international processes and conventions. This will include economic and social rights, sexual and reproductive rights, children rights, women rights, cultural rights, etc. Focusing on rights will allow to both improving people's status and living conditions.
- (2) Empower people in the context of globalisation, by giving women, men and children in developing countries the means and opportunities to grow out of their state of poverty and prosper. People, in particular women, should have access to essential government services and infrastructures, in particular health and education, and not be subject to patent violence, discrimination and injustice. At the same time, people should be free to pursue their endeavours in a context that is conducive to self-realisation and entrepreneurship. The latter requires that governments apply the principles of good governance and democratic accountability, and guarantee an adequate level of security.
- (3) Contribute to human security, which involves people's ability to live in freedom, peace and safety. Investing in human capital in developing countries is crucial to addressing the causes of global insecurity at their source.

Theme 2. *Governance for development and security, covering support for good governance, strengthening of civil society, conflict prevention, linking relief and development.*

- (1) The EU recognizes that many countries still need to meet the very basic conditions of stability and to build a minimum institutional framework before implementing a longer term development agenda.
- (2) Accountable, transparent and effective governance which respects human rights is essential for development. The EU must help strengthen the capacity of governance in partner countries to deal with the challenges they face, including combating corruption, ensuring fair access to and providing efficient public services, ensuring sound financial management.
- (3) When EU cooperation is suspended because of serious cases of violations of human rights, democratic principles and the rule of law or corruption, assistance through non-state actors must continue, in addition to humanitarian assistance and including, where appropriate, food aid.
- (4) The EU should develop targets and benchmarks in order to guide the dialogue on governance and on the evaluation of progress made on the essential elements of the cooperation and partnership agreements with developing countries. This should aim at improving transparency and consistency in EU policy towards different countries and regions.

Theme 3. *The environment and sustainable management of natural resources (including forests, water etc.)*

- (1) For many years now the European Union has been firmly committed to an environmental protection policy. The Treaty and the draft Constitution both refer to the objectives of achieving a high level of protection and of mainstreaming environmental issues in other EU policies, including development policy. The use of environmentally friendly techniques is advocated in the Lisbon strategy.
- (2) The EU plays a major political role in setting, supporting and advancing the global environment agenda, in particular through the numerous multilateral environment agreements such as the Kyoto Protocol.
- (3) The EU has guided and facilitated dialogue and action on linking development and environment at regional level and bringing in the various actors.

Theme 4. *Economic growth, a factor for sustainable development. Measures include support for the development of trade, the private sector and economic cooperation, employment, energy, information & communications technologies, access to transport etc.*

- (1) Exploiting trade opportunities through diversification is a powerful tool for economic growth. Harnessing this potential is a matter of trade policy, but also depends on the availability of a conducive framework in terms of investment regulations, a social safety net and the availability of basic services. The EU has developed such a framework and can use its weight and expertise at the global level to provide tailored trade-related assistance to developing countries to help them adapt to and integrate into the international trade system.
- (2) Regional integration is an area in which the Community has unique experience and competence. The Community, which is the most important donor in this area, should continue this policy.
- (3) Private sector development is an important instrument to help developing countries benefit from trade opportunities, for instance by providing long-term financing for private sector operators in developing countries and by helping developing countries to improve their investment climate. Through its own enlargement process, the EU has a strong background in improving economic framework conditions for private sector development.
- (4) EU policies explicitly address labour related issues, including the implementation of core labour standards, labour capacity and employment opportunities for developing countries. The private sector is involved through the concept of corporate social responsibility.
- (5) The EC has developed an innovative approach to aid through budget support linked to fiscal and monetary prudence and progress with poverty reduction. Providing budget support aims *inter alia* to help countries sustain programmes of public investment and restrain the high levels of inflation and interest rates that undermine private sector-led growth – thus increasing jobs and incomes, and reducing levels of poverty.

Theme 5. *Land use planning: including rural and urban development programmes and local development.*

- (1) Planning is a concept that, in its most modern sense, covers several aspects of local development. In contrast to the old centralised approaches to planning, the modern approach stresses the importance of local entities and the involvement of all development players in identifying priorities and managing resources.

- (2) The concept is based on a multisectoral approach to local development for a given territory including sustainable rural management and economic and social links with urban centres, as well as questions relating to administrative decentralisation and local governance. The concept also involves ensuring that national sectoral approaches take account of local problems, which enhances the effectiveness of the sectoral strategies in the fight against poverty.
- (3) This approach, whereby a significant part of the central government's powers are transferred to local communities, is consistent with the importance attached by the EU to institutional democratisation and recognition for minorities' special needs and rights. It also helps with the putting into practice of the principles of sustainable development supported by the EU.
- (4) Support for an approach of this kind requires appropriate instruments to foster dialogue on policies and bring flexibility to their financing.

Theme 6. *Combating inequality and promoting social cohesion: measures include social progress and protection, employment, redistribution, social dialogue etc.*

- (1) The EU has long pursued policies that seek to promote both economic and social progress. The EU model places special emphasis on solid institutional structures, social dialogue, investment in human capital and the quality of employment in a context that promotes faster as well as more equitable economic growth.
- (2) The Union is committed to promoting a high level of social cohesion based on the principles of solidarity and social inclusion. Eradicating poverty in Europe is an objective of the Lisbon strategy and the targeting of the most vulnerable groups of society (minority groups, children, the elderly and the disabled) is a key action. The cohesion policy for least developed Member States has promoted the sustainable growth of the whole Union in the long term.
- (3) Social protection features high in the European societies through the long established presence of national health and education systems, the trade unions and pension schemes. Reinforcing the interaction between employment and social protection policies is recognised as another important objective of the Lisbon strategy.
- (4) While globalisation is likely to benefit overall those countries that are able to participate in it, its beneficial effects are not reaching certain categories of the population. In this context development co-operation policy can play an important role, ensuring that macroeconomic programmes move towards a better integration of social priorities into the economic objectives. The report of the World Commission on the social dimension of globalisation stresses how public policies, especially the ones related to the European social model, can have an important role to play in tackling the difficulties faced by those that may lose from globalisation

Issue 10. Differentiation

State of play

The range of policy considerations addressed in the Union's external action, the variety of situations in various parts of the world and the differing nature of third countries' relations with the EC, require a differentiated approach in the EC cooperation policy overall, including but not being limited to development cooperation. The objectives of cooperation with regions or countries are part of strategic partnerships, cooperation agreements and of geographic strategies defined in Commission's communications and other policy papers and Council conclusions.

A number of countries are now moving into 'pre-accession' mode. This means that a group of countries that were once perceived mainly as in development or transition now have a different relationship with the EU, based on the perspective of future membership. Secondly, the European Neighbourhood Policy builds a privileged partnership relationship with neighbouring countries, bringing them closer to the Union and offering them a stake in the EU's internal market in parallel with support for dialogue and reform. Development policy considerations are inscribed within the broader policy framework established by the neighbourhood policy.

Furthermore, within third countries distinctions can also be drawn between middle-income and low-income countries. Low income countries and least developed countries face enormous challenges on their path towards the Millennium Development Goals, which are further complicated in the situations of difficult partnership and even more so in countries in conflict. At the same time, support to middle-income countries (MICs) remains equally important to attain the MDGs. A large share of the world's poor live in MICs. Therefore, MICs continue to deserve our assistance regarding poverty reduction and other key goals and policy objectives. Moreover, a considerable number of MICs are strategic players with an important role in global political, security and trade issues, producing global public goods and acting as regional anchor countries. Many MICs are confronted with striking inequalities and weak governance, which threaten the sustainability of their own development process. Consequently, the EU's policies, including its development policy, have to take account of this wider strategic importance of many MICs in order to fully reflect the EU's interests.

For discussion

- (1) Development policy is an integrated and coherent part of EC external action. It needs to be taken duly into account, and articulated in the framework of the strategies pursued with various parts of the world.
- (2) External policy actions – including development policy – have to be tailored in such a way as to respond most effectively to the specific situation in both low- and middle-income countries.
- (3) The central place to define the appropriate policy-mix towards each country is the Country Strategy Papers, so as to fully reflect the whole range of policy considerations applying to any particular country.
- (4) In particular, depending on the individual situation and the overall availability of financial resources, EC funds should be concentrated on strategic issues with leverage effects including on strengthening the capacity of the countries concerned to deal with all challenges which might affect the sustainability of their development process.

Issue 11. Transition situations – Linking relief and development aid

State of play

Management of crisis and post-crisis situations is an increasingly important and in some cases vital issue in an increasing number of countries. Making the transition from humanitarian and emergency aid to rehabilitation and development cooperation is far more complex than simply handing over of programmes between stakeholders (*continuum*). It is generally set against the fragile, delicate back-drop of peace-building and nation building. Often development and humanitarian aid instruments are being used at the same time (*contiguum*).

How to manage this transition in political and financial terms is one of the most important questions when it comes to giving the EU's external action coherence, bearing in mind all the instruments to be used. It is not just about effective use of the resources available for aid; it is

also a question of coherent management of the tremendous economic, social and capacity-building needs in post-crisis situations.

This issue is also linked to disaster preparedness and prevention, which is becoming increasingly topical as climate change starts to hit the poorest and most vulnerable particularly hard.

For discussion

- (1) The principles behind LRRD (Linking Relief, Rehabilitation and Development) need to be fully integrated into transition strategies when they are drawn up. In particular, disaster prevention should form a part of cooperation strategies in countries that are frequently hit by natural disasters.
- (2) In this context, more effort will be put into political analysis so that potential crises can be spotted before they happen and the right response be chosen from the range of available instruments.
- (3) Humanitarian-aid actors, long-term-development actors and the main donors in any given country need to better coordinate their respective activities and make them complementary.

FUNDING DEVELOPMENT AID

Issue 12. Allocation of financial resources

State of play

There is a consensus that, if the Millennium Goals are to be achieved, there has to be a big increase in funding, and particularly in the amount of official development assistance, on top of the commitments made at Monterrey. The Commission shares this view and is ready to play its part in managing some of those resources.

The 2000 Declaration called for attention to be focused on the least developed countries (LDCs) and other low-income countries in an approach that took on board the country's own poverty-reduction measures, its performance and its absorption capacity. Amongst middle-income countries, the Community should concentrate on those in which a large proportion of the population is still poor and which show strong commitment to the implementation of coherent strategies for reducing poverty.

In reality, other considerations have played a more important role with regard to this commitment. The allocation process follows a scheme of successive steps and there is a risk that this prioritisation will progressively fade away. The first step emerges from a political process whereby the Community awards its overall funding allocation on a regional base. This phase is guided by relevant Regulations and the budget authority, i.e. the European Parliament and the Council, and is subject to the ceilings laid down in the multi-annual Financial Perspectives.

The second step is the internal allocation of resources within each regional envelope. At present, the criteria supporting this process differ from one region to another. As a general rule, the criteria relate to countries' needs and performance. In line with the methods that have been applied since 2000 for ACP countries under the EDF, the Commission has formulated some general principles for a common approach to allocating resources under the future development cooperation and economic cooperation instrument (intended for the ACP countries, Latin America and Asia). However, further work still needs to be done.

In the framework of this debate, it is noteworthy that in recent years, the EU has increased the amount of support to the candidate countries preparing for accession and neighbouring countries, to help them share the peace and prosperity enjoyed by Member States. However this additional assistance has not been given at the expense of developing countries, since there has been an increase in the overall budget for external action.

The Financial Perspectives provide the framework for funding the EU's policies including development cooperation. The new Financial Perspectives for 2007-2013 provide for the creation of an instrument for financing development cooperation and economic cooperation covering the ACP countries (if EDF budgetisation is realised), Latin America, Asia, parts of the Middle East and Central Asia. They also provide for a pre-accession aid instrument and a neighbourhood and partnership instrument for the countries concerned.

For discussion

- (1) We need to respond to the needs of the developing countries and increase funding. This must be done above all by increasing the donor countries' development budgets in line with their international commitments but also by launching initiatives for new types of international financial contributions.
- (2) The instrument for development cooperation and economic cooperation is to use criteria based on countries' and regions' needs and performance. Beyond general principles, performance indicators have still to be decided on, as well as the relative weight of needs and performance respectively.
- (3) There is a need to clarify the approach to be pursued in special situations such as difficult partnerships. More effective aid allocation policies must be developed taking into account not only good performers, but also weak and/or bad performers, such as difficult partnerships and post conflict countries; this should include more elaborate political and/or "security" criteria in EU allocation methodologies. The paradigm that aid is more effective in poor and well performing countries should be challenged. The EU must ensure that "bad and weak performers" are not left behind. It should distinguish, on the one hand, between weak performers, who demonstrate a low implementation capacity yet a clear willingness to improve, and on the other hand, truly 'bad' performers, where results are significantly compromised by a low commitment.
- (4) The level of poverty of the beneficiary countries should certainly be one of the criteria for allocating resources but we must retain the *de facto* distinction between "development aid" and "other external aid", in the neighbourhood policy, for example (and the policies towards Asia and Latin America), despite the OECD DAC classification which groups them together under "aid for development".
- (5) The mechanisms for allocating resources need to be linked to strategic programming of cooperation through country and regional strategy papers. These papers set out an appropriate policy-mix reached in consultation with the partners, and thus provide a real opportunity to identify, in a transparent way, priorities and the action that has to be taken, taking account of the EU's own interests and values and those of the recipient country/region.
- (6) Aid for middle-income countries should be reviewed to make sure that it takes into account the objective of reducing poverty, is effective and has the right mix of policies and types of funding (grants, loans and blend-financing).

Issue 13. Global initiatives

State of play

Global initiatives and global funds are powerful instruments for launching new policies or bolstering existing measures that do not have a broad enough scope to help meet MDGs. When focused on a particular theme such as AIDS, environmental protection or debt relief, they attract attention and win over the public more easily than conventional aid institutions. In principle at least, such initiatives are also capable of mobilising additional financial resources such as private funds. However, in practice the evidence is not conclusive.

The current approach to ensuring that aid is effective is based on the concept of ownership of reforms, sectoral and general dialogue, and coordination between donors. One of the major challenges in connection with newly created global funds is their link with ownership, or perhaps more accurately, the risk that they might distort the process of ownership.

Global funds are often justified on the grounds that conventional aid channels are administratively inefficient, slow and cumbersome. By contrast, funds are perceived to disburse more quickly at lower cost. However, there are a number of question marks concerning security and controls on the disbursements from such funds. Finally, by comparison with conventional mechanisms that have proved unresponsive to changing aid objectives, global funds make it easier for donors to take on board new global themes, providing the option of rapid redeployment of aid towards new objectives.

For discussion

- (1) The value-added of global initiatives must be assessed in terms of how much additional aid they bring to the table, how flexibly they enable aid to be redeployed towards new objectives, how quickly disbursements can be made and their contribution to ensure responsiveness of developing countries to global challenges.
- (2) The link between global funds and policy dialogues/frameworks in the recipient countries needs to be analysed, including the integration of global funds into national development policies such as poverty reduction strategies and their impact on coordination between donors.
- (3) From the above elements the EU must lay down criteria for the Community's participation in global funds and for the contributions it makes, bearing in mind existing modalities, the Community's position as the leader of certain global funds such as the Water Facility and as a source of funding.
- (4) Mechanisms are needed whereby activities financed by global funds can be brought back into the fold of ordinary country or regional cooperation after a few years.

Issue 14. Aid modalities

State of play

The Community has a wide range of modalities for implementing development aid tailored to specific needs and situations. This range of modalities for combating poverty or promoting political, economic and social stability plays an essential role in the broader context of the EU's external action.

Budget support: this instrument, used increasingly by the Community, is recognised as the most effective for harmonising interventions and aligning them with national policies and priorities. It is capable of responding to current spending needs and keeps transaction costs down. The approach developed by the Commission with variable *tranches* linked to results, provides an incentive to pursue result-oriented poverty-reduction strategies. It is seen as the most appropriate way of providing governments and other official bodies in partner countries with the necessary funding to meet the Millennium Goals. However, it does have a number of weaknesses: in its current form, it is geared towards short-term financing requirements, is subject to annual conditionalities and may be suspended at any moment. In practice, a number of countries have received ongoing budget support over several years but the uncertainty hanging over the support and the constant risk that it could be withdrawn detracts from the recipient countries' ability to commit to medium-term financing.

For countries that perform well, there is a clear need for an arrangement that continues to offer the same advantages as budget support but without the disadvantage of unpredictability.

Debt cancellation: this offers an original response but one which is limited in time and even volume. It is akin to budget aid and is used for a group of countries selected in accordance with objective criteria (they are poor and heavily indebted) and with the level of commitment demonstrated by the country (poverty-reduction strategies and macroeconomic stability). Though it is criticised, it is an innovative approach to transferring aid, it has imposed lower transaction costs on the recipients than other forms of aid, and has provided the best example of coordination and harmonisation. On the other hand, it is a bad modality in terms of resource-allocation criteria, since the countries that have benefited most from debt cancellation are not the poorest, the neediest or the best managed.

Sectoral aid: i.e. aid, often in the form of budget aid, but possibly delivered in project form, given to support a particular sectoral policy, which means that there must be sectoral dialogue. It is important to ensure that the Commission can bring something to this dialogue, in coordination with other donors.

Project aid: individual projects or preferably projects that are part of a sectoral programme. These projects have the advantage of being viable in certain circumstances, such as crisis and post-crisis situations, or when management conditions are not met (e.g. violent conflict, deterioration in the standard of governance) and allow for involvement of a great variety of partners, particularly civil society and local authorities. Due to the complex set of Community rules and procedures, implementation can be rather slow with this form of aid. There is also a major risk that the projects will not measure up well in terms of ownership by the country.

Funds managed by the European Investment Bank: at present the Bank has a rather passive role in European development policy. This contrasts with the fact that it has been granted several external mandates which are often extended. Some of these mandates, for example in ACP countries, constitute a large part of the volume of funds available under a co-operation or partnership agreement. The Bank has taken over these mandates within its existing organisational structures. This poses a growing challenge as the predominant culture of the Bank is oriented towards EU operations rather than towards those in developing countries.

Micro-project approach: programmes supporting investment in basic community structures aimed at fostering local development of essential services and political dialogue at various levels (central government, local government, civil society and parliaments). This approach has an impact on the way civil society is structured and on the role it is able to play in creating a poverty-reducing dynamic.

Twinning: its current geographical scope is limited to EU accession candidate countries and neighbouring countries in the Western Balkans, the New Independent States and the Mediterranean Region. It will play an increased role in the coming years, particularly within the framework of the neighbourhood policy. Twinning finances the secondment of civil servants from EU Member States to beneficiary countries. It can be used to implement all institution capacity-building projects. Beneficiary countries select the twin Member State and commit themselves to undertaking and funding reforms, while Member States commit to accompanying the process all along. At the end of the project a new or adapted system must function under the sole responsibility and means of the beneficiary country.

For discussion

- (1) Continue to increase general and sectoral budget aid under the current eligibility rules, but with different weightings for the incentives through variable *tranches*.
- (2) Develop a new, more predictable, more reliable aid modality to complement the existing ones and enable governments to pursue the policies they need to in order to achieve the Millennium Development Goals, including the financing of necessary recurrent costs. This new type of aid would be available only to poor countries that perform well, taking account of jointly agreed eligibility criteria. It would take the form of non-targeted budget support, committed over a period of several years (three to five) with a progress review before expiry with a view to a fresh commitment.
- (3) Replace conditionality with the notion of a “contract” starting from a result-based approach.
- (4) In order to protect developing countries from the effects of external shocks (trade shocks, natural disasters, exchange rate shocks etc.), options should be sought both in ex post modalities (like FLEX) and in ex ante instruments, including market based modalities at micro and macro level.
- (5) Develop other types of aid, aimed, for instance, at increasing the institutional capacity of the recipient countries in specific areas. One option that should be explored would be to extend twinning, in an adapted form to cover other developing countries in Asia, Africa and Latin America.
- (6) Continue to use modalities that help recipients to absorb shocks, like FLEX and B envelope aid used under Cotonou, while examining the possibility of developing appropriate responses in terms of temporary reductions in debt-servicing payments.
- (7) Discuss the possibilities for a more appropriate role of the European Investment Bank in the future of European development policy. This includes options for a more targeted organisation of the management of funds available for its external mandates that would allow for greater consideration of the development dimension in the Bank’s activities.
- (8) In crisis and post-crisis situations, explore approaches that combine several financial instruments in a way that helps recipients to put the crisis behind them and promotes long-term stabilisation. A single response strategy should be drawn up with “short-term security/stability” and “development” elements that could overlap in time. Implementation arrangements, including budget aid, project aid and trust-fund contributions etc. to be used should be decided on with reference to the context.
- (9) Maintain the option of giving direct support to non-state actors and their activities in order to reinforce participatory approaches and facilitate ownership of development strategies by the people.

3. CONCLUSIONS

It is time for a public debate on these issues. Not everything can be up for discussion however: there is an established framework in the shape of international commitments, the Treaty and the draft Constitution, cooperation and partnership agreements and the Financial Perspectives for 2007-2013. A number of important points from the 2000 Declaration need to be reiterated for reasons of credibility and relevance. A long-term policy should not be subjected to radical changes every five years.

Nevertheless a repositioning is needed to ensure the very survival of development cooperation in a turbulent context where new priorities, particularly the issue of security, are attracting the attention of the public and the political decision-makers. There are two options for the future of cooperation: a defensive approach would imply avoiding interactions with other policies in order to ensure the autonomy of development. The opposite approach would entail clarifying the links,

positive and negative, with other policies in order to distinguish development cooperation from those other policies and demonstrate its role, which is mainly to address the root causes of problems. The Commission plans to produce a Communication containing the conclusions from this debate in the first quarter of 2005.