The European Community
External Cooperation Programmes

Policies, Management and Distribution

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Preface

This revised inventory of European Community external cooperation programmes is published at a time when the overall framework for EC external cooperation is being refocused and clarified. The Commission opened up to broad debate its current and future cooperation policies by publishing a Green Paper on future EU-ACP relations in November 1996. EU policy-makers actively sought empirically-based findings and advice from all quarters of ‘civil society’ – business, academia, the press and media, non-governmental organisations, back-bench politicians and others – with a stress on reforming European policies so that they would prove more effective in addressing development needs in a rapidly changing world.

This process has continued through the broader process of the ongoing reform of European external cooperation and its associated administration. This publication is part of the research base designed to inform this process of reform. Its origins lie in the decision, in June 1995, of the EU Council of Development Ministers to launch a major evaluation of European Community development aid. ODI was invited to establish the detailed inventory of the entire (and often disparate) external cooperation programme. The inventory provided a baseline for the evaluations of EC aid to the Africa, Caribbean, and Pacific countries (ACP), Asia and Latin America (ALA), and the Mediterranean and Middle East (MED) which have recently been carried out. This second edition brings the original book up-to-date, and is designed to serve as a public information document in its own right.

The recent evaluations of European Community external cooperation underlined that:

- the Commission’s aid system is too complex and fragmented in terms of objectives, instruments, procedures and institutional mechanisms;
- the Commission has insufficient human resources to handle the huge and growing volume of external cooperation managed.

With the recent reorganisation of external relations’ responsibilities under the new Commission there is now one single external cooperation. This presents an opportunity to address past difficulties, to ensure consistency in the implementation of external cooperation policy, and to tackle coherence issues. The latter include promoting increased coherence between Community external cooperation policy on the one hand, and other Community policies on the other (eg, foreign policy (CFSP), trade policy, agricultural policy, environmental policy). The new Commission has stated its determination to ensure that European Community aid is centred on poverty reduction, and that cooperation is managed with increased focus and effectiveness.

This publication aims to provide an accurate and comprehensive information base upon to inform the ongoing process of reform. Both this and the original edition were funded by the Evaluation Unit of the Common Service for External Relations of the European Commission. It follows terms of reference drawn up by the Heads of Evaluation Services of the Commission and the Member States. The book describes the institutions, policies and legal basis of EC aid, together with a detailed inventory which analyses all EC aid flows on a sectoral as well as a geographical basis.

The term ‘European Community external cooperation’ refers to that portion of European Union aid that is managed by the European Commission and the European Investment Bank, as distinct from the bilateral aid programmes of the individual Member States. It comprises all concessional public flows to developing countries (Official Development Assistance) and to the transitional economies of Central and Eastern Europe and the New Independent States (Official Aid).

‘European Community aid’ has existed since the European Economic Community was established in 1957. All six original Member States accepted that measures to develop internal economic integration should be reinforced by a mechanism – initially the European Development Fund (EDF) – for pooling resources for external assistance, to be managed by the European Commission, while
retaining their nationally managed aid programmes. This process of pooling resources has now developed to a point where the European Community’s external cooperation programme (both to developing countries and transitional economies) is among the five leading donor programmes in its own right. Aid from the European Union, both from the Member States individually and the portion managed by the European Commission, now accounts for 55% of total world aid.

It has not been a process without controversy, however. The growth in EC aid has been characterised by frequent change, largely associated with the acquisition of new regional commitments, the establishment of new aid instruments and the need to reorganise Commission services in response to shifts in priorities. In the view of its detractors, EC aid has become too disaggregated and too uncoordinated to have the impact on development that it should. To those more sympathetic to EC aid, its growth and diversification are a reflection of the vitality and adaptability of the European Union itself.

Europe’s external cooperation policies have always been broad and multifaceted, going well beyond just the supply of financial aid. External trading relationships in coal, steel, agriculture and manufactures were determined from the start at European level. The Community began by giving special trade preferences to selected countries, later offering generalised preferences to the other developing countries as well. Cooperation with developing countries has, moreover, usually been offered as part of a package, often with aid, trade, cultural and political elements.

Our analysis concentrates upon the aid policies, institutions and, in expenditure terms, performance of the European Community external cooperation programmes. All the Community’s external cooperation programmes are included, covering the ACP states, the Mediterranean and Middle East, Asia and Latin America and the CEECs and NIS. The first chapter provides an overview of the evolution of EC external cooperation, describing the legal and political basis for current assistance programmes, and indicating how these are managed and how decisions are taken on the allocation of funds provided by the Member States. In the second chapter, there is an account of EC external cooperation expenditure which provides a framework for comparing – across regions and countries – different categories of aid delivery and different sectors receiving aid. In the following five chapters, EC external cooperation is described in more detail, through both statistical and institutional analysis, for each of the main recipient ‘regions’.

The final chapter places Community aid in a global context, comparing the regional spread and sectoral emphasis of EC external cooperation with those of the major OECD donors. Past debates on European Community aid have often been ill-informed and diminished by an inadequate empirical base of information. The debate is already better focused and clearer, and this publication seeks to contribute further towards this.

Aidan Cox
ODI, London
21 December, 1999
Acronyms

ACP  Africa, Caribbean and the Pacific
ALA  Asia and Latin America
CAP  Common Agricultural Policy
CEECs Central and Eastern European Countries
CFSP Common Foreign and Security Policy
DAC Development Assistance Committee of the OECD
DG  Directorate General
DG IA, IB External Relations DG
DG II Economic and Financial Affairs DG
DG VIII Development DG
EAGGF European Agricultural Guidance and Guarantee Fund
EC European Community
ECIP European Community Investment Programme
ECHO European Community Humanitarian Office
EDF European Development Fund
EEC European Economic Community
EIB European Investment Bank
EU European Union
euro European currency unit, worth approximately US$1.1 (1997)
GATT General Agreement on Trade and Tariffs
GSP Generalised System of Preferences
HIPC Debt initiative for Heavily indebted poor countries
IDA International Development Association
IRDP Integrated rural development project
LDCs Less developed countries
LICs Low Income Countries
LLDCs Least developed countries
MED Mediterranean programme
MFN Most favoured nation
NGO Non-governmental organisation
NIP National Indicative Programme
NIS New Independent States (of the Former Soviet Union)
OCTs Overseas Countries and Territories
ODA Official Development Assistance
OA Official Aid (to DAC Part II countries; mainly CEECs and NIS)
ODI Overseas Development Institute
OECD Organisation for Economic Cooperation and Development
OPEC Organisation of Petroleum Exporting Countries
PCA Partnership and Cooperation Agreement (Tacis)
Phare EC initiative for the CEECs
PNG Papua New Guinea
RIP Regional Indicative Programme
Tacis EC initiative for the New Independent States and Mongolia
SCR Common Service for External Relations
SME Small and medium enterprise
Stabex System for the stabilisation of export earnings from agricultural commodities system
Sysmin Special financing facility for the mining sector (under the Lomé Convention)
WTO World Trade Organisation