

## Options for architectural reform in European Union development cooperation

By Mikaela Gavas and Simon Maxwell

A series of decisions will be taken in the second half of 2009 about the architecture and staffing of the structures of the European Union's Development Cooperation. This Background Note, which provides the context to these decisions and explores possible options, has been prepared as part of the European Development Cooperation Support Programme (EDCSP). The programme is an ODI initiative funded by the UK Department for International Development (DFID), which aims to support the debate on European Union institutional and policy change. To do so, the programme is constructing an infrastructure of knowledge, contacts and information on EU development cooperation.

Some of the key decisions on EU development cooperation, and some of the timings, will depend on if and when the Lisbon Treaty on the workings of the EU is ratified. The rejection of the Treaty in June 2008 by Irish voters has delayed final ratification. A second Irish referendum will take place on 2 October 2009. If the vote is in favour of Lisbon, then ratification will probably be completed in time for the Treaty to come into force on 1 January 2010.

The key decisions, whether or not the Lisbon Treaty is ratified, are as follows:

1. Appointment of a President of the Commission;
2. Design of a new architecture for the European Commission;
3. Appointment of a new set of Commissioners.

If the Lisbon Treaty is approved, decisions will also be needed on the following:

4. Appointment of a new European Council President;
5. The appointment of a High Representative for

- Foreign Affairs and Security Policy; and
6. The creation of a European External Action Service.

In addition, the Lisbon Treaty implies changes to the legislative responsibilities of the European Parliament – changes that are discussed below.

A possible timeline for the architectural decisions is shown in Figure 1 (overleaf).

### The current arrangements

The current arrangements have been in place since the Barroso Commission took office in November 2004. In principle, they expire on 31 October 2009, but may have to be extended because of ongoing uncertainty over the Lisbon Treaty.

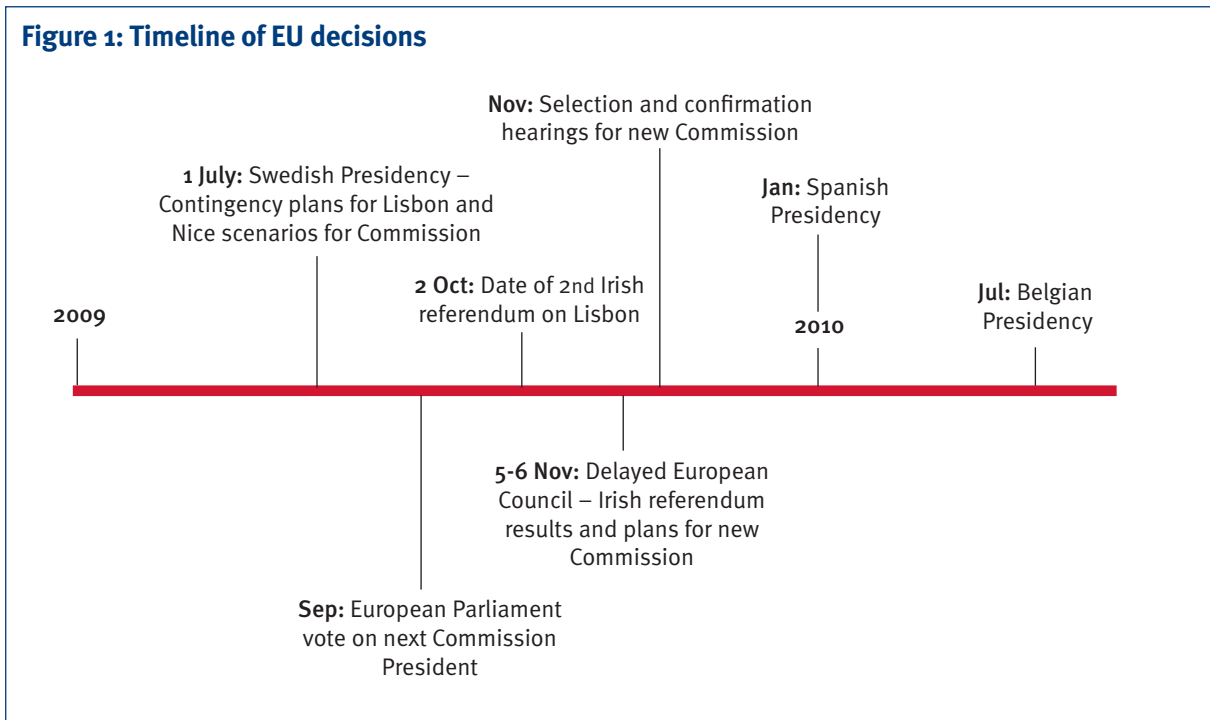
There is a six-month rotating Presidency of the Council of the EU, currently held by Sweden, with Spain to follow in the first half of 2010, and Belgium in the second half.

The High Representative for the Common Foreign and Security Policy, currently Javier Solana, reports to the Council. He will not make himself available for another term.

The President of the Commission is José Manuel Barroso. The June 2009 European Council (Heads of State and Government) was unanimous in supporting President Barroso for a second term – a decision that has to be endorsed by the European Parliament. The vote in the European Parliament is likely to take place in September 2009.

The EU's external services are split at present between the Council Secretariat and the European Commission. The Council Secretariat structures

**Figure 1: Timeline of EU decisions**



include policy planners, geographic desks (focused on human rights, non-proliferation, etc.), civilian and military European Security and Defence Policy (ESDP) staff, EU special envoys and offices in the United Nations in New York and Geneva. The Commission has separate Commissioners for Trade, Enlargement, External Relations, and Development, each supported by a Directorate General (DG) of civil servants.

The DG External Relations (RELEX) maintains a network of 128 overseas EC delegations, responsible for aid implementation where appropriate. Development aid is split geographically between the African, Caribbean and Pacific (ACP) group managed by DG Development, and Asia, Latin America, the Middle East, South Africa and the Neighbourhood countries, managed by DG RELEX.

There is a separate aid implementation office, EuropeAid, created in 2001. This reports to the External Relations Commissioner. A separate administration for emergency aid, the European Commission’s Humanitarian Aid department (ECHO), reports to the Development Commissioner.

The current organisational set-up is illustrated in Figure 2, together with the relevant financial instruments. These are:

**Geographic:**

- Development Cooperation Instrument – Asia, Latin America, Central Asia, the Middle East and South Africa (DCI, €16.9 billion, 2007-2013). This

instrument also contains thematic programmes covering specific activities in all developing countries.

- European Neighbourhood and Partnership Instrument, covering European neighbourhood and Russia (ENPI, €11.2 billion, 2007-2013).
- Instrument for Pre-Accession, covering EU accession countries (IPA, €11.5 billion, 2007-2013).

**Thematic:**

- Instrument for Stability – tackling crises and instability in third countries and trans-border threats (SI, €2.1 billion, 2007-2013).
- Humanitarian Aid Instrument – providing funding for emergency and humanitarian aid relief and food aid (HAI, €5.6 billion, 2007-2013).
- The Common Foreign and Security Policy (CFSP, €2 billion, 2007-2013).

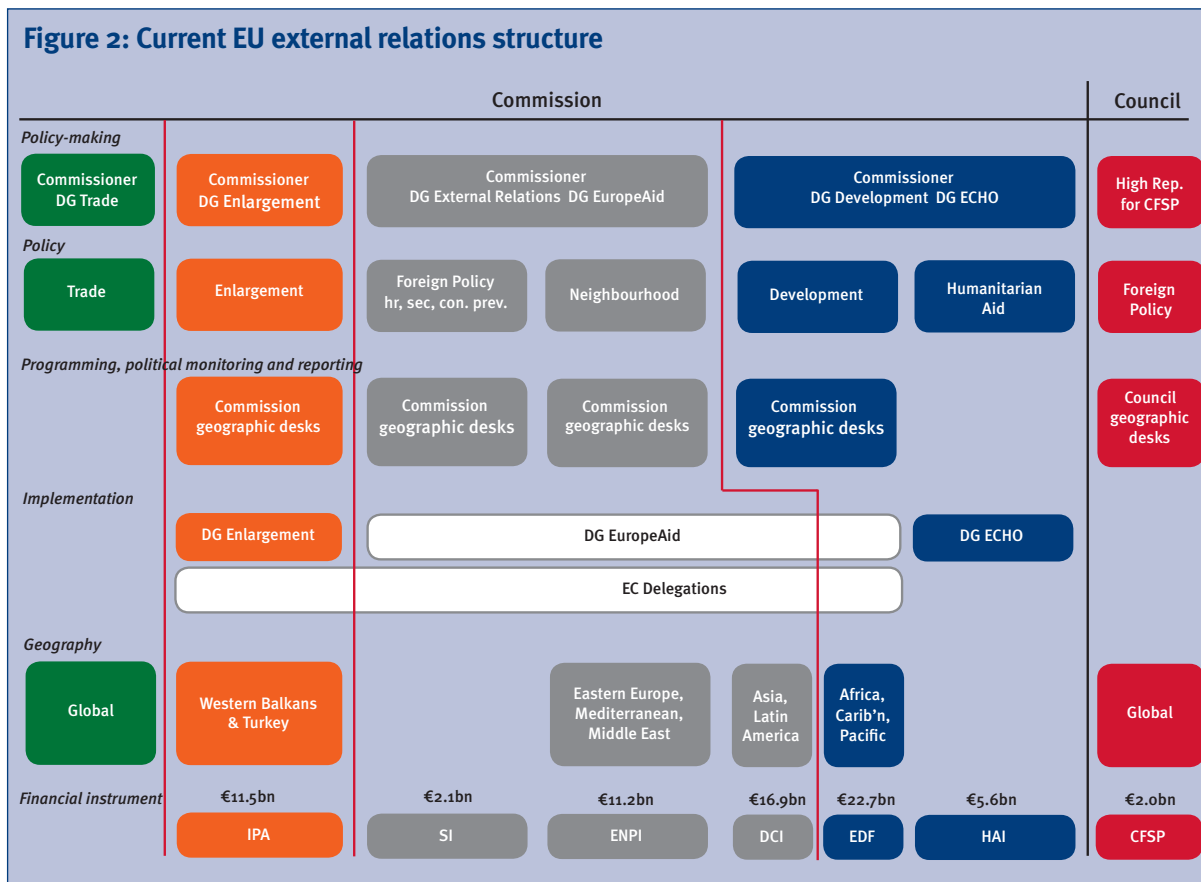
**Non-EU budget:**

- The European Development Fund – Africa, Caribbean and Pacific countries created through voluntary contributions from Member States (EDF, €22.7 billion, 2008-2013).

**Other instruments include:**

- Instrument for Cooperation with Industrialised Countries (ICI, €172 million, 2007-2013).
- European Instrument for Democracy and Human Rights – promoting democracy and human rights worldwide (EIDHR, €1.1 billion, 2007-2013).

**Figure 2: Current EU external relations structure**



- Instrument for Nuclear Safety – ensuring nuclear safety (INS, €524 million, 2007-2013).
- Macro-Financial Assistance – promoting macroeconomic stabilisation and structural reforms (MFA, €791 million, 2007-2013).

### Decisions in 2009

As noted, the precise configuration of European institutions will depend on whether or not the Lisbon Treaty is ratified. The discussion below assumes it will be, and that new arrangements come into force on 1 January 2010. This will mean the creation of a full-time President of the European Council, the establishment of a new post of High Representative for Foreign Affairs and Security Policy, and the creation of a European External Action Service. In addition, regardless of whether or not the Lisbon Treaty is ratified, the President of the Commission and a new college of Commissioners will need to be appointed.

**The appointment of a President of the European Council:** If the Lisbon Treaty is ratified, a new post of President of the European Council will be created, with the holder elected by the European Council by qualified majority for a two-and-a-half year term, renewable

once. The President will chair the European Council and lead its work, and ‘ensure the external representation of the Union on issues concerning its foreign and security policy, without prejudice to the powers of the High Representative of the Union for Foreign Affairs and Security Policy’ (Treaty on European Union, 1992).

The Presidency of the Council of Ministers, other than for Foreign Affairs, will alternate among pre-established groups of three member states (or ‘team presidencies’) for a one-and-a-half year term, with the other two team members supporting the member in the Presidential chair for each six-month period.

At Ministerial level, the General Affairs and External Relations Council (GAERC) will be split into two bodies, the General Affairs Council and the Foreign Affairs Council. The High Representative of the Union for Foreign Affairs and Security Policy will chair the Foreign Affairs Council.

**The appointment of a High Representative for Foreign Affairs and Security Policy:** The Lisbon Treaty will establish a High Representative for Foreign Affairs and Security Policy, who will also be the Vice President of the European Commission and will be part of the Council and the Commission. This post will replace

two current posts: the High Representative for the CFSP, and the Commissioner for External Relations.

The High Representative will be tasked with, among other things, developing and implementing the Common Foreign and Security Policy, chairing the Foreign Affairs Council and promoting coherence among EU external policies.

EC delegations will become EU delegations and act under the authority of the High Representative.

Although the institutional location and the role of the new High Representative are outlined in the Lisbon Treaty, the question remains as to how the role will be balanced with the triple Presidencies – those of the European Council, the Council of Ministers and the Commission.

**The creation of a European External Action Service:** The Lisbon Treaty provides for the establishment of a diplomatic corps, the European External Action Service (EEAS), to assist the High Representative. The Treaty specifies that the EEAS ‘shall work in cooperation with the diplomatic services of the Member States and shall comprise officials from the relevant departments of the General Secretariat of the Council and of the Commission as well as staff from national diplomatic services of the Member States. The organisation and functioning of the European External Action Service shall be established by a decision of the Council. The Council shall act on a proposal from the High Representative after consulting the European Parliament and after obtaining the consent of the Commission.’

To date, preparatory work on the service has covered the legal status of the EEAS, the personnel issues, budgetary questions, administrative aspects and the management of the Union delegations.

There are three options for the EEAS:

1. A minimalist option, which would put the emphasis more on coordination of external action and less on the direct responsibilities of the High Representative, leaving current Commission structures mostly intact, but with real responsibility for Common Foreign and Security Policy.
2. A maximalist option, which would put the emphasis on responsibilities of the High Representative and capture all aspects of EU external relations for all regions. This would include all external relations Directorates-General (DGs) in the Commission.
3. A hybrid of these two options.

**Appointment of a new President of the Commission:** The candidate for President of the Commission is proposed by the European Council. The European Parliament then formally ‘elects’ the President-designate of the Commission. As noted, President Barroso has already been endorsed by

the Heads of State and Government. His nomination will now go forward to the new European Parliament elected in June 2009. The vote on the new Commission President is likely to take place in September 2009.

**Design of a new Commission:** The design of a new Commission structure will be required whether or not the Lisbon Treaty is ratified. The Nice Treaty of 2003 stipulates that the college of Commissioners must be reduced by at least one (i.e. up to a maximum membership of 26). The Lisbon Treaty stipulates that the Commission should be appointed with one Commissioner per country until 2014, when it should be reduced by two thirds (from 27 Commissioners to 18). However, a concession to Ireland, agreed at the June 2009 European Council, means that Ireland will retain its Commissioner. Once the Commission President has drawn together the team, the European Parliament will conduct a series of hearings with the 27 Commissioners-designate in preparation for Parliament’s vote of approval on the new College of Commissioners as a whole. The hearings are likely to take place in November or December 2009.

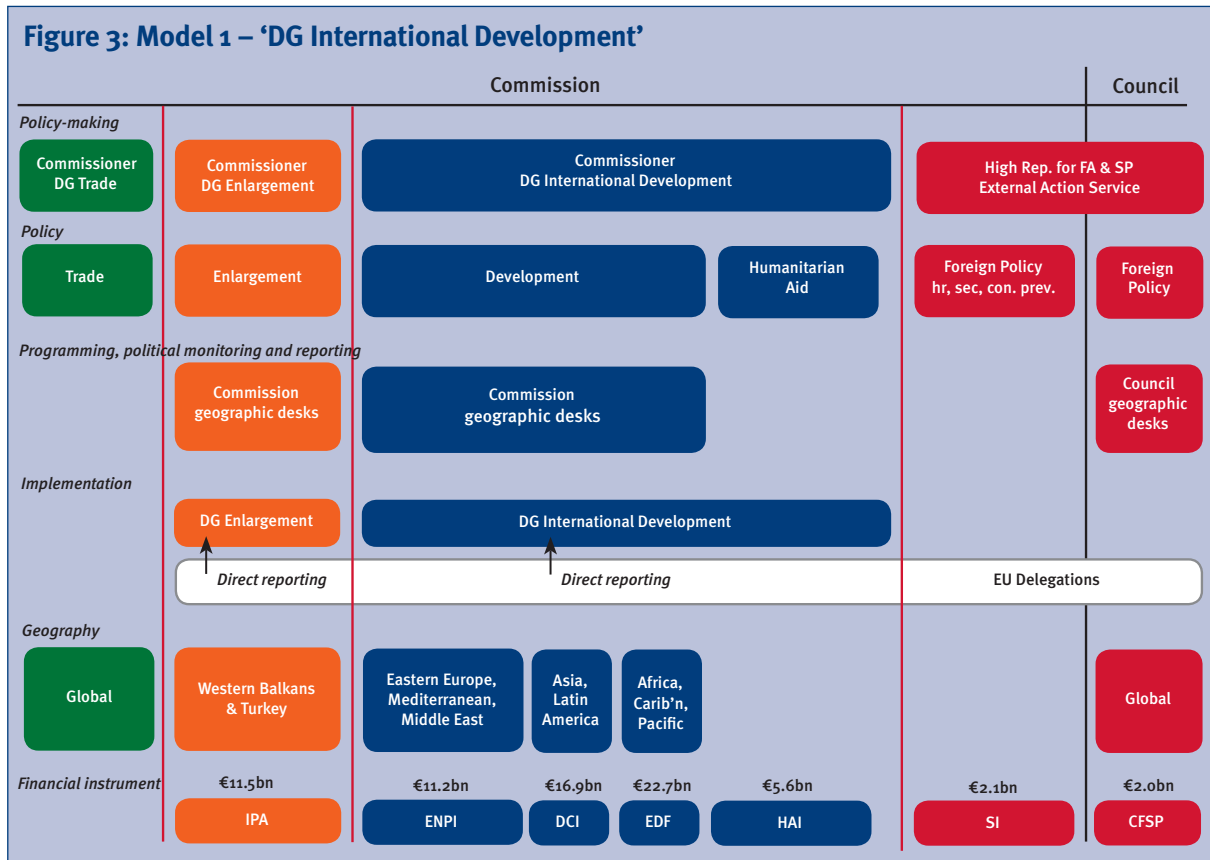
There are various options for the design of the external relations services of the new Commission, summarised in Figures 3 to 5.

### **Model 1: ‘DG International Development’**

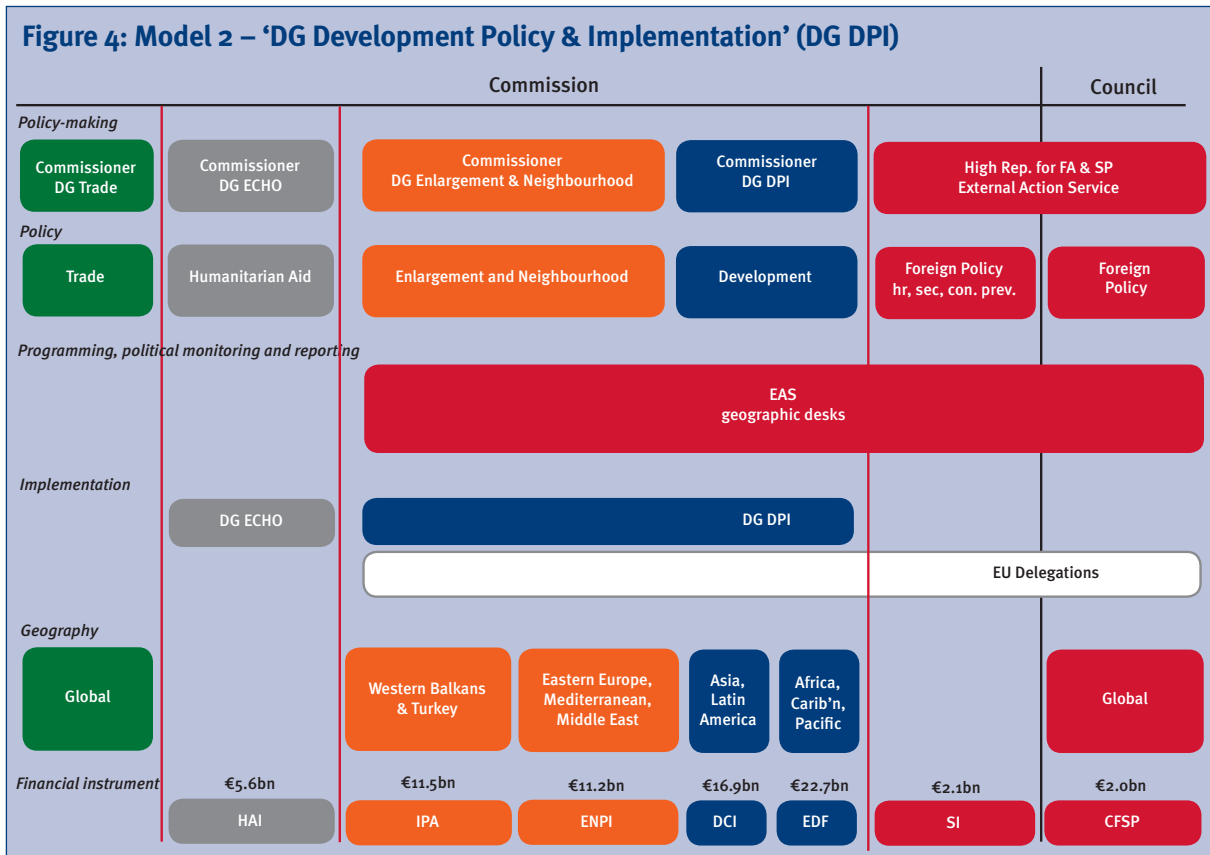
Figure 3 shows a new enlarged DG International Development, which would be created in the Commission with a broad mandate, managing relations with all developing countries and all aspects of the programme cycle for both development and humanitarian aid. It would unite geographic desks of the Africa, Caribbean and Pacific countries (ACP), Asia, Latin America and the Neighbourhood countries of the Mediterranean, the Middle East and the former Soviet Union. Headed by an International Development Commissioner, the DG International Development would formulate policy for all developing countries, and manage all aspects of the programme cycle including identification, appraisal, implementation, monitoring and evaluation. It would instruct delegations on all facets of country programming and lead policy dialogue with partner countries.

This structure would create a strong international development body with a development budget focused on, and steered by, development priorities. It should enable a clear and coherent development approach that is consistent across all developing countries, and where policy, programming and implementation go hand in hand. However, policy coherence could well suffer.

**Figure 3: Model 1 – ‘DG International Development’**



**Figure 4: Model 2 – ‘DG Development Policy & Implementation’ (DG DPI)**



### Model 2: ‘DG Development Policy and Implementation (DG DPI)’

Figure 4 shows a structure in which all geographic desks from the Commission and the Council would be united in the EEAS, covering political relations and aid programming. DG DPI would be responsible for development policy-making and implementation and would be headed by a Development Commissioner. Administratively and financially, DG DPI would report to the Development Commissioner. Neighbourhood and Enlargement policy would be combined in a separate DG within the Commission, but implementation for both regions would be carried out by DG DPI. DG ECHO would remain intact, headed by a Humanitarian Aid Commissioner.

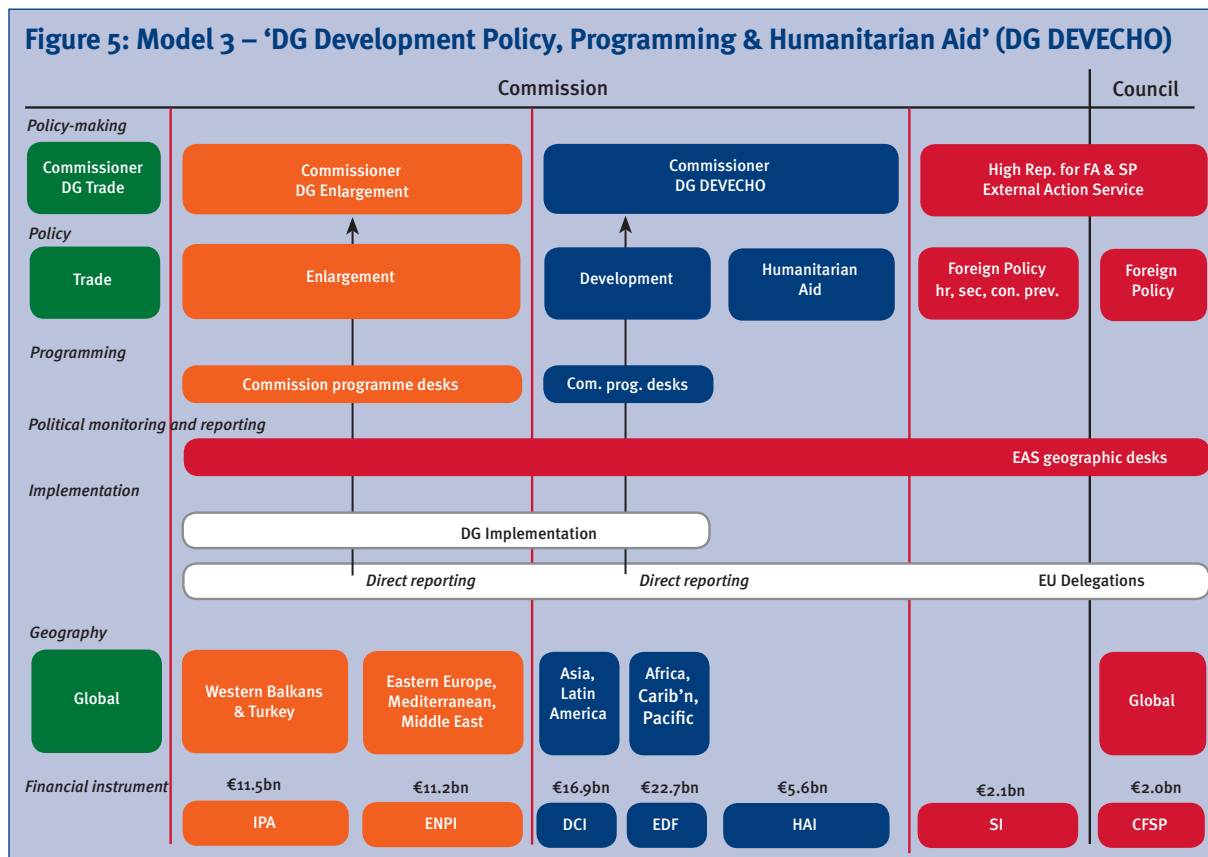
This would facilitate a coherent EU approach towards partner countries but would not be driven by development concerns. The programme cycle would be split, with less direct links between policy, programming and implementation. The quality of programming would be affected adversely and this would have an impact on implementation. This could lead to rivalry and mixed messages. In addition, the voice of development in the Commission could be weakened.

### Model 3: ‘DG Development Policy, Programming and Humanitarian Aid’ (DG DEVECHO)

Figure 5 shows a structure that splits the political functions and the programming functions of current geographic desks. Development policy-making and programming in the ACP countries, Asia and Latin America, and DG ECHO would come together in a new DG DEVECHO. DG DEVECHO would be headed by a Development and Humanitarian Aid Commissioner.

A new DG Neighbourhood and Enlargement would be created and headed by a separate Commissioner to manage neighbourhood and enlargement policy and programming. A new DG Implementation would manage implementation, monitoring and evaluation in all developing, neighbouring and enlargement countries and report to both the Development and Humanitarian Aid Commissioner and the Neighbourhood and Enlargement Commissioner.

This structure would result in greater coherence of policies and in better integrated agendas. It would ensure a coherent and effective approach in developing countries, with policies filtering down to the



implementation level. It would bring together enlargement policy with neighbourhood policy. It would also create a political hub on which all Commissioners could draw.

## The European Parliament

In June 2009, EU citizens voted for a new European Parliament. In total, 736 Members of the European Parliament (MEPs) were elected under the Nice Treaty, rather than the 751 foreseen if the Lisbon Treaty were in force. If and when the Lisbon Treaty comes into force, the newly elected European Parliament will acquire co-decision powers over as much as 80% to 90% of EU legislation, including the Common Agricultural Policy.

As noted above, the Lisbon Treaty states that the European Parliament will need to be consulted on the establishment of the EEAS. The new provisions could also give it a crucial role in funding both the EEAS and the Union's peace-building operations abroad. In the discussion, the European Parliament will look closely at the scrutiny and accountability powers it will have over the EEAS, over the new High Representative and over the Union delegations.

In May 2008, the European Parliament Foreign Affairs Committee put forward a report on the Common Foreign and Security Policy, which was intended to constitute a wish-list vis-à-vis the Council and the Commission on establishing EEAS. The report pointed out that the role of High Representative/Commission Vice President would derive its legitimacy directly from the European Parliament. It also stressed the need for 'transparency and democratic input' into the process of setting up the EEAS.

There are a series of options for increasing parliamentary oversight of the new structures and external policies:

1. the EEAS could contain a service responsible for relations with the European Parliament;
2. heads of delegations could be required to appear regularly before parliamentary bodies and before taking up their posts;
3. heads of Development Sections in the Delegations could be required to appear before special hearings of the European Parliament's Development Committee.

## Conclusion: principles of decision-making

As discussions unfold, a valid set of principles for the design of the new Commission could be:

- an organisation that promotes coherence of EU external action and instruments as they affect developing countries;
- an organisation that offers a consistent approach in all developing countries;
- a strengthened voice and high political visibility for development across the EU;
- a set-up that gives clear messages and links policy with actions;
- a set-up that minimises duplication, reduces transaction costs and cuts red tape;
- a development budget focused on reducing poverty in developing countries.

It will be important to see how these principles play out in practice.

In any model, however, an important principle and lesson learned from the current set-up will be to avoid, or at least reduce, the creation of conflicting and overlapping portfolios in the Commission.

Equally, it will be essential to avoid 'silos' within the Commission, or the EEAS, allowing for the pursuit of conflicting objectives.

On the one hand, the High Representative/Commission Vice President could be charged with improving EU stabilisation efforts through the full range of EU conflict prevention, crisis management and post-conflict institutional building options. On the other hand, political influence by the High Representative/Commission Vice President over development cooperation could lead to development being overridden by short-term foreign policy objectives, which will result in a weaker focus on poverty reduction.

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## References and useful resources

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### Useful resources

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