



Andrea E. Ostheimer is Head of the Konrad-Adenauer-Stiftung's Multinational Dialogue on Development Policy in Brussels.

THE VALUE-BASED APPROACH OF EU DEVELOPMENT ASSISTANCE

Andrea E. Ostheimer

Despite the financial and economic difficulties that have hit Europe over the past years, the European Union together with its member states remain the world's largest donor. In 2012, collective EU official development assistance (ODA by the EU and EU Member States) amounted to 55.07 billion euros (0.43 per cent of GNI).¹ However, in order to reach the self-committed goal of 0.7 per cent by 2015 an EU ODA increase of 46.57 billion euros would be necessary. As the achievement of this goal until 2015 becomes increasingly unrealistic, the main aim now is to make European development assistance more effective by increasing its complementarity and impact.

Under the new Multiannual Financial Framework a total amount of 51.42 billion euros (current prices) has been agreed for the EU's external relations package over the period from 2014 to 2020.² But besides being more effective in development assistance, the overall aim is also that EU external instruments will take greater account of human rights, democracy and good governance when it comes to allocating external assistance to partner countries. This commitment to democratic governance highlights the value-based approach of EU development assistance, which is not only enshrined in the Lisbon Treaty but has also received enhanced emphasis by EU member states over the last years.

On first sight it seems that a paradigm shift within EU development policy has taken place. The present analysis seeks to explore the main elements of it and provides an

1 | European Commission, "Publication of preliminary data on Official Development Assistance", Memo/13/299_EN, 3 Apr 2013, 2.

2 | European Commission, "The Multiannual Financial Framework", The External Action Financing Instruments, Memo, 11 Dec 2013.

overview of key strategic frameworks shaping EU development assistance in the new Multiannual Financial Framework (2014 to 2020).

EU AGENDA FOR ACTION ON DEMOCRACY SUPPORT IN EU EXTERNAL RELATIONS (2009)

Main drivers for an increased effectiveness of EU democracy support have been the EU Presidencies of the Czech Republic, Sweden (both 2009) and Poland (2011). In addition to a strong discourse on the EU's moral obligation, its historic roots as well as its own transition experiences in its Southern and Eastern Member States, questions on the effectiveness of EU democracy support were raised for the first time. In a pain-staking exercise conducted jointly in 2009 by the Directorate-General for External Relations and the Directorate-General for Development and Cooperation, the highly fragmented approach of EU democracy support became visible.

There was an immediate political reaction. **In November 2009 the Council passed the Conclusions on Democracy Support in the EU's External Relations and the EU Agenda for Action on Democracy Support in EU External Relations 2009.** Already in November the Council passed the Conclusions on Democracy Support in the EU's External Relations (17 November 2009) and the EU Agenda for Action on Democracy Support in EU External Relations 2009.³ The Council agreed that there is a need for a broader and more coherent approach to democracy support in EU external relations. And although the Agenda for Action in Democracy Support still strongly emphasised Human Rights, it mentioned for the first time that EU democracy support should include a particular focus on the role of elected representatives, political parties, institutions, independent media and civil society.

Taking up the criticism related to an ad-hoc election support focusing mainly on the electoral period, the Agenda for Action in Democracy Support demanded a comprehensive approach taking into account the full electoral cycle. The need for a more country-specific approach was addressed

3 | Council of the European Union, "Council conclusions on Democracy Support in the EU's External Relations", 16081/09, 17 Nov 2009 <http://register.consilium.europa.eu/doc/srv?l=EN&t=PDF&f=ST%2016081%202009%20INIT> (accessed 28 Feb 2014).

in a mapping exercise of democracy support assessment in pilot countries on EU delegation level,⁴ but also by the development of human rights strategies for partner countries. Particularly the latter has received much criticism due to its non-transparent character. The European Parliament has been at the forefront asking the EU to ensure that the human rights dialogues and consultations are diligent and accompanied by clear public benchmarks in order to measure their success objectively. In cases where these dialogues are not constructive, clear political conclusions should be drawn. The EP demands more transparency regarding the contents of the country strategies and calls for public disclosure of at least their key priorities.⁵ From the perspective of a political foundation, these points of criticism can be shared as so far

Neither consultations of European actors on the results nor involvement in the assessment process of country strategies has formally taken place. This contradicts the commitment of the EU to inclusive democratic processes.

neither consultations of European actors on the results nor involvement in the assessment process has formally taken place. This in a way contradicts the commitment of the EU to inclusive democratic processes enshrined in its communication regarding the role of civil society in EU external relations – “The roots of democracy and sustainable development: Europe’s engagement with Civil Society in external relations (COM(2012) 492 final)”.⁶ Albeit focusing primarily on support for local civil society in partner countries, the communication nevertheless explicitly states, “At the EU level, particular attention is given to CSOs dialogue with European institutions”.⁷

4 | In the nine pilot countries (Benin, Bolivia, Ghana, Lebanon, Indonesia, Kyrgyzstan, Maldives, Mongolia and the Solomon Islands) EU delegations were asked to identify democracy support activities, stakeholders (government, democratic institutions and civil and political society), donors active in the field of democracy support, and ongoing cooperation and its impact. On the basis of this mapping exercise a democracy profile of each country was to be established, including a “gap” analysis of areas in need of improvement.

5 | European Parliament, “Human rights must be upheld in EU ties with partners, say MEPs”, Plenary Session Press release, 11 Dec 2013, <http://europarl.europa.eu/news/en/news-room/content/20131206IPR30028> (accessed 28 Feb 2014).

6 | European Commission, “The roots of democracy and sustainable development: Europe’s engagement with Civil Society in external relations”, COM(2012) 492 final, 19 Sep 2012, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0492:FIN:EN:PDF> (accessed 28 Feb 2014).

7 | Ibid., 10.

STRATEGIC FRAMEWORK AND ACTION PLAN ON HUMAN RIGHTS AND DEMOCRACY⁸

Complementing the above mentioned Agenda for Action on Democracy Support, the EU presented for the first time in 2012 a unified Strategic Framework on Human Rights and Democracy and an Action Plan that is not only wide-ranging but already allocates roles and responsibilities to various stakeholders. In order to emphasize the importance of Human Rights within EU external action, the High Representative and Vice-President (HRVP), Catherine Ashton, also established the position of an EU Special Representative for Human Rights with a broad and flexible mandate. The “Human Rights Strategy”, in short, underscores the aim of the HRVP to set Human rights as one of her top priorities and to have a silver thread running through everything that is done in external relations.⁹



Established the position of an EU Special Representative for Human Rights with a broad and flexible mandate: High Representative Catherine Ashton meeting the President of Somalia Hassan Sheikh Mohamud. | Source: © Julien Warnand, dpa, picture alliance.

- 8 | Council of the European Union, “EU Strategic Framework and Action Plan on Human Rights and Democracy”, 11855/12, 25 Jun 2012, http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf (accessed 13 Mar 2014).
- 9 | Catherine Ashton gave her speech to the European Parliament on 13 December 2011, “the EU works to have human rights running as a silver thread through a truly integrated range of external policies”. EU High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission, “Speech on the Annual Human Rights Report, Speech 11/885”, 13 Dec 2011, http://europa.eu/rapid/press-release_SPEECH-11-885_en.htm (accessed 28 Feb 2014).

Apart from these underpinning aspects in internal and external policies of the European Union, the strategy also attributes a universal character not only to human rights as a universal legal norm concept but also to democracy as a universal aspiration. In particular, the specific Action Plan that runs until 2014 can be an excellent tool to ensure policy coherence in support of human rights in EU external action. However, as with all other policy frameworks, their implementation will ultimately decide upon the certainty of the EU's renewed commitment to democratic principles in external action.

EU DEMOCRACY SUPPORT IN THE NEIGHBOURHOOD

With the "Arab Spring" it became evident that the EU's priority in foreign relations with countries of the Southern Neighbourhood had mainly aimed for stability in the region, thus implicating cooperation with autocratic regimes.

Despite these very positive developments in favour of a coherent approach fostering democratic governance and inclusive participation processes, the real paradigm shift in EU democracy support came with the "Arab Spring". It then became evident that the EU's priority in foreign relations with countries of the Southern Neighbourhood (incl. development assistance) had mainly aimed for stability in the region, thus implicating cooperation with autocratic regimes. The paradigm shift in favour of more direct democracy building became evident in the Joint Communication of the European Commission and the HRVP "A new response to a changing Neighbourhood".¹⁰

The Communication emphasises that its approach must be based on mutual accountability and a shared commitment to the universal values of human rights, democracy and the rule of law. The new approach accentuated particularly EU support to partners engaged in building deep democracy. In addition, it spelled out very directly the value-based support by the EU. Increased EU assistance for its neighbours became conditional – depending "on progress in

10 | Besides building and consolidating democracies, further objectives were defined as pursuing sustainable economic growth and managing cross-border links in the Southern and Eastern Neighbourhood. Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A new response to a changing Neighbourhood", COM(2011) 303.

building and consolidating democracy and respect for the rule of law".¹¹ The idea was, the more and the faster a country progresses in its internal reforms, the more support it would get from the EU. The "more-for-more principle" would offer greater incentives to countries that make more progress towards democratic reform – free and fair elections, freedom of expression, of assembly and of association, judicial independence, fight against corruption and democratic control over the armed forces. This enhanced support would come in various forms, including increased funding for social and economic development, larger programs for comprehensive institution-building (CIB), greater market access, increased European Investment Bank (EIB) financing in support of investments; and greater facilitation of mobility. The approach particularly opted to take the track record of reforms in partner countries during the period from 2010 to 2012 (based on the annual progress reports) into account when deciding on country financial allocations for 2014 and beyond. However, for countries where reform has not taken place, the EU would reconsider or even reduce funding.

The case of Egypt, for example, indicates clearly the difficulties of the EU in finding the right balance between stimulating reforms and supporting transition processes on the one hand, and remaining committed to its own principles and values on the other. During the EU-Egypt Task Force meeting in November 2012, approximately five billion euros were pledged by the EU and its financial institutions, EIB and European Bank for Reconstruction and Development (EBRD). These five billion euros came in addition to the traditional cooperation assistance by the European Commission. In the financial period from 2007 to 2013 the EU had made available over one billion euros for Egypt. These funds came from the EU's European Neighbourhood Partnership Instrument (ENPI) and included project based assistance as well as sector budget support, with the latter accounting for more than half of the on-going programs. However, since 2012 no new budget support programs have been approved for Egypt due to the lack of reform implementation; and by

During the EU-Egypt Task Force meeting in November 2012, approximately five billion euros were pledged by the EU for Reconstruction and Development.

11 | Ibid., 3.

mid-2013 only 16 million euros had been disbursed due to the on-going instability in the country and the non-compliance with agreed conditions.¹²

In order to provide enhanced support to democratic transition processes, the EU in 2011 also began rethinking its catalogue of mechanisms and instruments dedicated to democracy support. With the argument that one needs to be more flexible, un-bureaucratic and non-risk-averse in the area of democracy support, an additional institution was created outside the existing instruments – the European Endowment for Democracy (EED). Based in Brussels, and mainly funded by EU member states but also Switzerland, the EED aims to “foster and encourage democrati-

Having taken up its operations only in mid-2013, the European Endowment for Democracy still has to prove its added-value as a complementary instrument which allows for synergies with other instruments and actors.

sation and deep and sustainable democracy in countries in political transition and in societies struggling for democratisation, with initial, although not exclusive focus, on the European Neighbourhood”.¹³ Having taken up its operations only in mid-2013, it still has to prove its added-value as a complementary instrument which allows for synergies with other instruments and actors (on EU and Member State level). From the perspective of a political foundation operating in transition countries for decades and also implementing projects financed by the established financial instruments, it would have made better sense to first reform the European Instrument for Democracy and Human Rights. Instead of creating parallel structures with additional overhead costs a first step should have been to make more funds available for this already established instrument in general but particularly in the area of democracy support. However, whether the approaches of the EED will be so much more effective and most of all sustainable will be subject of future evaluations. The discussion around the effectiveness of EU democracy support by the EIDHR and geographic instruments has at least led to a revised approach in the MFF 2014-2020 where at least 15 to 20 per cent of the available funds of 1.249 billion will be made available for

12 | European Commission, “EU-Egypt Relations”, Memo/13/751, 21 Aug 2013.

13 | European Endowment for Democracy, “Statutes”, Article 2, https://democracyendowment.eu/upload/2013/03/Statute_EED.pdf (accessed 28 Feb 2014).

democracy support (objective 3 of the Multiannual Indicative Programme EIDHR 2014-2020).¹⁴

INCREASING THE IMPACT OF EU DEVELOPMENT POLICY: AN AGENDA FOR CHANGE

In addition to its modified approach for the EU Neighborhood – and here demonstrating consistency – the new policy framework and strategic orientation for EU development policy followed the principle of conditionality and places an enhanced emphasis on democratic governance. In 2011, EU Commissioner for Development Andris Piebalgs presented its new impact oriented development policy, the EU Agenda for Change.¹⁵ The strategy underscores the parameters established in the Lisbon Treaty by striving for a consistent, consolidated and effective EU external action.¹⁶ By focusing on poverty eradication, including the pursuit of the Millennium Development Goals (MDGs) and by actively shaping the post-2015 agenda, it also follows the tradition of the European Consensus on Development (2005).¹⁷ Until the “Agenda for Change” the European Consensus on Development had been *the* guiding document for European development assistance. Particularly its principle of policy coherence for development constitutes one

14 | European Commission, “Concept Note for Multiannual Indicative Programme EIDHR 2014-2020”, 12 Apr 2013, <http://www.eidhr.eu/files/dmfile/2013-12-02EIDHRdraftConceptNoteMIP.pdf> (accessed 10 Mar 2014).

15 | “Increasing the impact of EU Development Policy: an Agenda for Change”, COM(2011) 637 final.

16 | Article 26 (2), Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 Dec 2007; <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:C:2007:306:SOM:EN:HTML> (accessed 28 Feb 2014).

17 | Very much guided by the spirit of the “Paris declaration on aid effectiveness”, the European Consensus for Development defined as key principles guiding Europe’s relations with developing countries, ownership of development strategies by the partner countries and in-depth political dialogue. It also highlighted the need for civil society participation, an aspect later on elaborated more profoundly in the Accra Agenda for Action (2008) that defined civil society as an actor on its own right. Addressing state fragility featured equally on the agenda of the European Consensus for Development and has since then become one of the priority areas for EU assistance. See for example the study commissioned by the Policy Directorate of the European Parliament, “EU development cooperation in fragile states: challenges and opportunities”, 2013.

of the overarching elements in order to enhance the impact of EU assistance to partner countries. According to this principle, “the EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives”. In the context of discussions on Europe’s migration policies, but also, for example, in the framework of negotiations of Economic Partnership Agreements with ACP-countries, the principle of policy coherence for development remains ever more significant and annual reports by the EC but also by the European Parliament analyse the progress not only made within the EU but also allude to efforts for more coherence in EU member states.¹⁸

Previous policy frameworks for EU development assistance had mainly followed the general narrative on global level although the Treaties had clearly defined the EU as a community of values.

The “Agenda for Change” certainly has to be seen as a new milestone in EU Development Policy as it explicitly marks a shift towards a more principled, value-oriented and definitely also a more differentiated approach in

European development assistance. Previous policy frameworks for EU development assistance had mainly followed the general narrative on global level although the Treaties (starting with the Maastricht treaty in 1993) had clearly defined the EU as a community of values and article 27a (1) of the Nice Treaty had already demanded that “enhanced cooperation in any of the areas referred to in this title shall be aimed at safeguarding the values and serving the interests of the Union as a whole by asserting its identity as a coherent force on the international scene”.¹⁹ In the Treaty of Lisbon (2007/C306/01) the Union has again reiterated in article 2 its commitment and foundation on the values of “respect for human dignity, freedom, democracy, equality, rule of law and respect for human rights”. Article 21 notes that the Union’s action on the international scene “shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule

18 | Policy Coherence for Development covers all relevant policy areas such as trade and finance, food security (agriculture and fisheries), climate change, migration, security. For more information see also, for example: “EU 2013 Report on Policy Coherence for Development”, SWD(2013) 456 final.

19 | Treaty of Nice (2001/C80/01), decisive articles: 6, 27a and 177.

of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law”.

The Agenda for Change takes up this spirit of the Lisbon Treaty and stipulates the normative bases of European external action. As key pillars for the Agenda are explicitly mentioned

1. human rights, democracy and other key elements of good governance; as well as
2. inclusive and sustainable growth for human development.

Whereas in the past democratic systems were mainly seen as conducive frameworks for development assistance, the Agenda sets forth the interdependence of democratic governance (albeit speaking of good governance) and inclusive and sustainable development. It aims to support governance by highlighting it prominently in all partnerships, and through incentives for results-oriented reform. The Agenda clearly stresses that partner commitments to human rights, democracy and the rule of law are a baseline. Should a country neglect its commitment to Human Rights and democracy, the EU does not exclude – in specific cases – to apply a stricter conditionality. In such a case, the EU would keep up the dialogue with governments and non-state actors but would channel aid to those who most need it via NGOs and local authorities. The Agenda’s commitment to democratic values is clearly driven by a results orientated approach and calls on mutual responsibility.

In addition to the clear commitment to democratic values and rights, the Agenda for Change also aims to stimulate growth and seeks particularly to find new ways to engage the private sector. The favoured modality here is blending grant finance with loans and guarantees in order to attract private sector finance. A differentiated approach to development partnerships which clearly distinguishes between middle- and low-income countries also pays tribute to the need to better adapt EU development policy to the varying levels of development of partner countries. In consequence

this means that some 19 countries do not qualify any longer for bilateral aid allocations by geographic programs. This becomes reality for the so-called BRIC states²⁰ but will also affect countries such as Thailand or Peru.



No more EU financial aid from bilateral geographic programs: The BRICS countries' foreign ministers, here at a meeting in New York then Heads of State on a BRIC summit in 2010. | Source: Gustavo Ferreira, Brazilian Ministry of External Relations, flickr ©©©.

Having identified the need of the EU for a foreign policy financial instrument of global scope that would allow the financing of measures that might not qualify as ODA,²¹ the Partnership instrument has been created for the financial period 2014 to 2020.²² This instrument serves to deepen and to consolidate EU relations with partner countries on issues related to global governance, foreign policy, international economy, multilateral fora and bodies such as the G8 and the G20. However, priority regions for continued assistance remain the EU-Neighbourhood and Sub-Sahara Africa. These two regions are of particular interest as

20 | Brazil, Russia, India, China.

21 | Military Aid, peacekeeping missions, civil policing, as well as social and cultural programmes are not considered Official Development Aid (ODA). Cf. Organisation for Economic Co-operation and Development, "Is it ODA?", Factsheet, 11/2008, <http://www.oecd.org/investment/stats/34086975.pdf> (accessed 14 Mar 2014).

22 | "Regulation of the European Parliament and of the Council establishing a Partnership Instrument for cooperation with third countries", COM(2011) 843, C7 - 0495/2011 - 2011/0411 (COD), http://ec.europa.eu/prelex/detail_dossier_real.cfm?CL=en&DosId=201172 (accessed 28 Feb 2014).

development cooperation of both is shaped by policy frameworks complementing the Agenda for Change. In both regions, support to democracy and human rights features high on the agenda.

DEMOCRATIC PRINCIPLES AND HUMAN RIGHTS FEATURING IN EU RELATIONS WITH AFRICA

The key strategic policy frameworks for EU relations with Africa are the Cotonou Agreement as well as the Joint Africa-EU Strategy (JAES). Under the Cotonou-Agreement the concept of transparent and accountable governance as a “fundamental element” was introduced in ACP-EU relations (article 9).²³ The Cotonou-Agreement also granted civil society a role in development assistance in particular of being informed and consulted on development strategies (articles 4 to 7). It also foresees the instrument of political dialogue (article 8) and the instrument of last resort, article 96. The latter foresees the suspension of development assistance in the case of severe breach of democratic principles and human rights but can also take the form of more severe reactions such as arms embargoes, travel restrictions, as well as financial sanctions. Particularly in the beginning of the Cotonou Agreement, the introduction of conditionality and parameters such as “good governance”, and the articles 8 and 96 were largely contested by African partners. They feared that only their own shortcomings would be addressed in the dialogue and that article 8 would introduce additional conditionality but in disguise.²⁴

All assistance provided to ACP countries under the Cotonou Agreement is funded by the European Development Fund which remains outside of the EU budget and becomes alimented by EU member states. For the current EU budget period (2014 to 2020) EU member states proposed a

23 | For a consolidated version of the Cotonou Agreement with its revisions in 2005 and 2010, see: European Commission, *The Cotonou Agreement*, http://ec.europa.eu/europeaid/where/acp/overview/documents/devco-cotonou-consol-europe-aid-2012_en.pdf (accessed 28 Feb 2014).

24 | Hadewych Hazelet, “Suspension of Development Cooperation: An Instrument to Promote Human Rights and Democracy?”, ECDPM Discussion Paper No 64b, 2005.

seven-year budget of 30,506 billion euros for the EDF.²⁵ Irrespective of the fact that the EDF is an intergovernmental fund outside the general EU budget, and no EP consent is needed, the Members of the Parliament felt obliged in 2013 to pass a resolution on their own initiative where they were not only supporting the Commission's proposal for increased funding of the EDF in the period 2014 to 2020, but also underscored their demands regarding enhanced democratic ownership and development effectiveness; as well as increased democratic scrutiny by national parliaments and civil society for the implementation of EDF funds in their countries.²⁶



Filling the Cotonou Agreement as well as the Joint Africa-EU Strategy with life: EU-Africa meeting in Brussels in 2013. | Source: Fred Guerdin, European Commission, flickr ©©©.

Apart from the Cotonou Agreement, the second key policy framework in Africa-EU relations is provided by the Joint Africa-EU Strategy (JAES). When the Joint Africa-EU Strategy was defined in 2007, the promotion of democratic

25 | European Commission, "The Multiannual Financial Framework: The External Action Financing Instruments", Memo, 11 Dec 2013.

26 | European Parliament, "European Parliament resolution of 12 March 2013 on the preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund)", 2012/2222(INI), 12 Mar 2013, <http://europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2013-76> (accessed 28 Feb 2014).

governance and human rights constituted a central feature of the Africa-EU dialogue and partnership.²⁷ The vision provided was ample and comprehensive. Both continents aimed for the promotion of the values of democracy, rule of law and human rights. The Africa-EU partnership on Governance and Human Rights was tasked to “facilitate an open, intensive and comprehensive dialogue on all aspects and concepts of governance, including human rights, children’s rights, gender equality, democratic principles, the rule of law, local governance, the management of natural resources, the transparent and accountable management of public funds, institutional development and reform, human security, security sector reform, the fight against corruption, corporate social responsibility, and institution building and development. This dialogue should help both parties to define the issues at stake, agree on common positions on issues of common concern and jointly undertake specific initiatives and actions”.²⁸

In its first Action Plan, the partnership on Democratic Governance and Human Rights defined three objectives:

1. to enhance dialogue at global level and international fora (e.g. UN Human Rights Council; support to the International Criminal Court (ICC); Extractive Industries Transparency Initiative (EITI));
2. to support the new Pan-African Governance Architecture and to promote the African Peer Review Mechanism as well as the African Charta on Democracy, Elections and Governance;
3. to strengthen the fight against the illicit trade of cultural goods and to fight together on corruption, counterfeiting, money-laundering, tax fraud.

27 | See also: Andrea E. Ostheimer, “The JAES partnership on Democracy, Governance and Human Rights”, *ENoP Policy Paper*, forthcoming 2014.

28 | “The Africa-EU Strategic Partnership. A Joint Africa-EU Strategy”, 7. To be found inter alia: <http://europafrica.files.wordpress.com/2006/10/africa-eu-strategic-partnership.pdf> (accessed 28 Feb 2014).

The second Action Plan called for the establishment of a strategic dialogue on Democratic Governance and Human Rights between Africa and Europe.

In the second Action Plan, the priorities remained the same as it concerned the African Governance Architecture (AGA) and the cooperation of Africa and the EU in the area of cultural goods. But the second Action Plan also called for the establishment of a strategic dialogue on Democratic Governance and Human Rights between Africa and Europe, and highlighted the need for enhanced synergies with other thematic partnerships and in particular with the one on peace and security. Despite the comprehensive vision and a concrete Action Plan, the Partnership and joint actions in the area of Democratic Governance and Human Rights took off slowly. On the African side, priorities were clearly set on the establishment of an institutional governance structure for the continent (AGA) before addressing other issues.

In the partnership on Democratic Governance and Human Rights where participation of civil society should be the most natural thing to do, the weaknesses are adamant. CSO representatives are associated once in a while and on a random base. The role the JAES ascribes to civil society in terms of ensuring transparency and accountability in the governance sector cannot be upheld with regard to the JAES partnership activities as such, due to lack of access to Joint Expert Groups and information sharing. The aim of the JAES that "ongoing dialogue with civil society, the private sector and local stakeholders on issues covered by this Strategy will be a key component to ensure its implementation"²⁹ has not materialised so far. At best, Civil Society plays a side-role at the official AU-EU Human Rights Dialogues which are supposed to take place twice a year and so far are kept separate from the JAES. Once a year, CSOs meet in this context back-to-back or ahead of the official dialogue in order to feed discussion results into the official process. However, in these dialogues – CSO HR Dialogue and AU-EU HR Dialogue – thematic agendas have not always been harmonised and thus the effectiveness of civil society involvement has been curtailed. Certainly, the upcoming Africa-EU summit (2/3 April 2014) that will also dedicate itself to a revision of the JAES will need to strengthen its commitment to democratic principles and

human rights and has to provide strong signals for implementers in order to move from vision to operation.

THE RE-ORIENTATION OF EU BUDGET SUPPORT

A good example for the orientation of EU assistance on democratic values and principles is the new EU approach to budget support and its embedded accountability mechanisms.

General EU Budget Support

In the context of its renewed emphasis on democratic values, human rights and good governance, the European Union readjusted its budget support strategy in 2011.³⁰ It remains the preferred aid modality with two objectives

1. poverty reduction;
2. support to democratic reform processes.

Currently, 25 per cent of the EU development assistance is channelled via budget support, in countries such as Ghana it mounts up to 70 per cent. The European Commission stresses the usefulness of EU budget support as a means of delivering better aid and achieving sustainable development objectives by fostering partner countries ownership of development policies and reforms.³¹ Core elements of budget support involve policy dialogue, financial transfers to the national treasury account of the partner country, performance assessment and capacity-building, based on partnership and mutual accountability. In programming EU budget support, the Commission intends to place stronger emphasis on domestic revenue mobilisation, including from natural

Core elements of budget support involve policy dialogue, financial transfers to the national treasury account of the partner country, performance assessment and capacity-building, based on partnership and mutual accountability.

30 | "The Future Approach to EU Budget Support to Third Countries", Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee and the Committee of the Regions, COM(2011) 638 final, 13 Oct 2011.

31 | Budget support is also seen as an appropriate instrument for implementing the aid effectiveness agenda and commitments set out in the Monterrey Consensus (2002), the European Consensus on Development (2005), the Paris Declaration on Aid Effectiveness (2005), and the Accra Agenda for Action (2008).

resources. Fair and transparent tax systems are considered central to fostering citizenship and state-building, and lead to enhanced domestic accountability and political participation. The Commission also aims to strengthen its risk management framework for EU budget support in line with the Court of Auditors' recommendations. This includes a close monitoring progress in the fight against corruption and fraud.³²

With the new funding period, General Budget Support will receive a new label. It will become "Good Governance and Development Contracts". It should be used to strengthen core government systems, such as public finance management and public administration. It should promote macroeconomic stability and fiscal sustainability, making the systems more effective and accountable and lead to a comprehensive and transparent budgetary allocation process. When providing EU general budget support, the Commission aims at fostering domestic accountability and strengthening national control mechanisms as a basis for improving governance and adherence to fundamental values.

In cases where the partner country's commitment to fundamental values shows a significantly deteriorating trend an adequate and coordinated response strategy at EU and member states level needs to be defined and implemented.

The European Commission wishes to have appropriate measures to limit the impact on poor people in place. These should be designed jointly by the EU and member states, in cooperation with other non-EU donors.

The aim remains to speak with a unified voice. Unless there is a clear-cut situation where EU financial interests and reputation need to be protected, in which case general budget support can be suspended immediately, the response to deterioration should be progressive and proportionate. In its communication the EC continues to stress the need for predictability. In cases where budget support needs to be withdrawn, the EC wishes to have appropriate measures in place to limit the impact on poor people. These should be designed jointly by the EU and member states, in cooperation with other non-EU donors. This could include making adjustments to the size of any fixed tranche and/or reallocating funds to sector programs, channelling funds to target groups via

32 | Cf. n. 30.

non-governmental organisations or reinforcing other aid modalities such as projects.

Particularly in the past, it proved to be very complicated to speak with one voice as EU and EU Member States applied different standards. Due to its concerns over UN expert reports documenting Rwandan involvement with the M23 rebel movement in Eastern DR Congo, the EU and member states such as Germany, the Netherlands and Sweden had frozen their budget support to the Rwandan government in 2012. The United Kingdom who had also first suspended budget assistance to the government of Paul Kagame, however, surprised fellow EU Member States with a sharp u-turn after peace talks had shown some engagement by the Rwandese side. Thus, giving signals that could not only be read as inconsistency on EU-level but also giving the impression that the mere readiness for dialogue should be honoured substantially.

At least a more coherent approach had been found in the case of Uganda where reports about massive public corruption forced donors to cut all budget support until 2015. This included bilateral donors but also the EU and multilaterals such as the World Bank. For the government of President Museveni this meant a loss of 300 Million U.S. dollars per year, and also it did not affect running projects it certainly impacted heavily on the lives of Ugandan citizens.

Sector Budget Support

As regards EU sector budget support, the Commission tends to focus on sectors where policies and reforms are more promising to promote development and poverty alleviation; the drivers of change are stronger and aiming at addressing the basic needs of populations (e.g. basic services such as health, education, and water and sanitation). Promoting service delivery or reforms in a specific sector (or a set of interlinked sectors) has to take place on the basis of a partner government's sector strategy, only in this way the provision of sector budget support can be decisive in enhancing the government's capacity to perform its functions and deliver sector objectives. Since 2007 the EC has placed an emphasis on sector budget support and also

seeks to increase this modality under the new framework, where it is labelled "Sector Reform Contracts".³³

State-building in Fragile States

Budget support is also foreseen for situations of fragility in order to help partner countries ensure vital state functions, to support the transition towards development, to promote governance, human rights and democracy and to deliver basic services to the populations. These situations require a global, coherent and coordinated response for which budget support can be instrumental. Together with other aid modalities (humanitarian aid, pooled funds, project aid, technical assistance etc), it has to be accompanied by reinforced political and policy dialogue.

The decision to provide EU budget support will be taken on a case by case basis and supported by an assessment of the expected benefits and potential risks. Budget support to fragile states will be referred to in future as "State Building Contracts" to better reflect these elements. The primary objective of an EU coordinated approach to budget support will be to increase the effectiveness of this modality in contributing to development and reform policies, and to provide coherent and consistent responses to challenges encountered. In this regard, the EU has to work more than ever with member states in particular towards a "Single EU Good Governance and Development Contract". Acting together would increase leverage on political and policy dialogue, as well as the impact of EU and member states' bilateral budget support on partner countries' development.

However, already in the formulation of the ambitious objectives of EU budget support – as presented above, a latent tension becomes visible. And the key question arises: how can the leverage of conditionality best be applied? Where are the incentives for good governance and most of all, will it be possible to find agreement over sanction mechanisms for cases of non-compliance? But one also must ask the question: How effective can conditioned budget support be in regions where emerging donors grant unconditional assistance?

33 | Cf. n. 30.

Besides, one evident shortcoming of all types of budget support remains the lack of, or overall weakness of monitoring by civil society but also by national parliaments. Little information is made available to the public but also to those institutions which constitute the checks-and-balances in the political system. Therefore, it should be the aim of donors such as the EU not only to strengthen the capacities of civil society and parliamentarians as such and on technical level, but to enhance as well their knowledge and space for oversight.

A PARADIGM SHIFT IN EU DEVELOPMENT ASSISTANCE?

Taking into consideration the strategic policy frameworks elaborated on above, and their enhanced commitment to democratic values and principles, it can be – without any doubt, noted that a paradigm shift within EU development policy has taken place. On policy level we see a more nuanced accentuation and emphasis on democratic governance and support to democratisation processes as well as a general striving toward policy coherence for human rights and democracy.

However, whether the European Union can truly be characterised as a normative power in its external relations and whether democratic governance has indeed been moved to the center of EU development cooperation, depends on the final implementation. The regulations defining the instruments within the new MFF 2014 to 2020, as well as the programming of the instruments are key indicators whether Europe's value commitment remains superficial and restricted to the policy level.

Due to the late adoption of the EU budget, the institutions are currently still engaged in the programming of old and new instruments, and will be in the years to come. Once the multiannual indicative programs for instruments of democracy support are finalised, it will become essential to revisit the ambitions of the European Union and to analyse again the implementation of its value-based approach in development assistance.