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# 過 渡 期 に あ る 対 外 援 助

## 変化するEUとその加盟国の援助政策

平成7年2月

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## 国総研セミナー

テーマ：「過渡期にある対外援助：変化するEUとその加盟国の援助政策」

日時：平成7年2月14日 10:20-12:00

場所：国際協力総合研修所 2階 202会議室

講師：Mr. Adrian Hewitt

英国海外開発研究所(ODI)副所長

### (講師略歴)

1947	英国に生まれる
1970	オックスフォード大学卒業
1970～1972	マダガスカルで教鞭を執る
1974	ロンドン大学東洋アフリカ研究学院にて経済学修士号取得
1974～1976	マラウイ政府エコノミスト
1977～1987	海外開発研究所リサーチフェロー
1987～	海外開発研究所副所長

### 主な著書

Crisis or Transition in Foreign Aid, 1994

Economic Crisis in Developing Countries: New Perspectives on Commodities,

Trade and Finance, 1993

"The Beginning of the End of GSP or just the End of the Beginning",

Journal of International Development 3 (5), 1991

"Stabex and Commodity Export Stabilization Schemes: Prospects for Globalisation",

World Development 15 (5), 1987

他多数



「過渡期にある対外援助：変化するEUとその加盟国の援助政策」  
海外開発研究所副所長エドリアン・ヒュイット氏講演要旨

英国海外開発研究所(ODI)は"Crisis or Transition in Foreign Aid"というテーマでOECD諸国の主要ドナーの援助政策の変化に関する研究を他の研究機関と共同で行なった。冷戦の終結と国際環境の変化により、北米のドナーは援助政策に関して危機感を持っている。日本はその反対に自信を深めてきている。一方、ヨーロッパはその中間にあり、新たな環境の変化に対応して援助政策が変化しようとする過渡期に置かれている。ヨーロッパの援助政策の変化を見る前に変化を促している圧力として、(1)冷戦の終結、(2)開発援助の予算で多様なニーズに応える必要が出てきたこと、(3)新たな被援助国や開発課題の出現、(4)国際機関への不信、(5)DAC諸国が唯一のドナーとなったこと、(6)新しいドナーの登場、(7)NGOの活躍、(8)民間投資の重要性などがあげられる。このような圧力の中で1993年にはDAC諸国によるODAは600億ドルから560億ドルへと初めて減少を見せている。アメリカと比較するとヨーロッパでは援助や途上国への一般の関心は依然として高い。しかし、ヨーロッパでの新しい現象として、政治家や政府に対する不信感が表れてきており、この事が外交政策や援助政策にも影響を与えている。

次に過渡期にあるヨーロッパの援助政策を欧州連合(EU)加盟国ならびにEUのレベルで見してみる。欧州連合の条約はマーストリヒトで署名され1993年の終りに批准された。マーストリヒト条約は将来に欧州連合を創設する事を意図したものであり、将来的に市場統合に加えて外交政策、安全保障政策を加えようとするものである。マーストリヒト条約では開発協力政策についても触れられているが、現在は加盟国の15にEUを加えた16の開発協力政策が存在する。マーストリヒト条約が提起している問題は、ヨーロッパに16の援助政策が並存するか、EUが一つの政策を持つのか、加盟国との分業が行なわれ統合されたプログラムとなるのかという問題であり、それがどのような立場に行き着くか、誰がどのようにリードして行くかはとても複雑な問題である。

ヨーロッパの援助政策を議論するとき次の4つの圧力をあげることができる。第一は冷戦の終結で、東ドイツを併合したドイツのように、東欧の再建のために莫大な資金を使わざるを得ないような状況に東欧と国境を接するヨーロッパ諸国がおかれている事である。ACP諸国との関係のようにヨーロッパは東欧への援助を行なうことが外交上高い優先度を持っている状況がある。第二はボスニア紛争に見られるような人災へ

の対応である。ヨーロッパ諸国が統一した対応を取れていないがためにボスニア問題への対応に混乱が生じ、国連や二国間の救援活動に多くの援助が費やされている。第三は前述の政府に対する不信感である。第四はヨーロッパの競争力の問題があげられる。このような圧力はヨーロッパ諸国の援助政策の構成や配分、運営に影響を与えようとしており、マーストリヒト条約の影響もあり、ヨーロッパとしての外交政策、援助政策の形成への方向へと向おうとしている。

ヨーロッパの援助は伝統的にアフリカ、カリブ、太平洋のいわゆるACP諸国を中心に行なわれてきたが、EUの拡大にともない、英国やスペイン、ポルトガルが加盟し、南アジアや南米も援助プログラムの中に入るようになりグローバル化が進んでいる。しかし、その一方でまだ伝統的な地域への援助との関係は根強く残っている。

マーストリヒト条約はヨーロッパとしての外交政策、安全保障、開発協力の三つの政策を確立しようとするものであるが、条約の中で謳われている欧州連合の国際開発政策の目的として次の四点があげられる。第一は最貧国の持続的な経済・社会開発の促進。第二は途上国経済の調和の取れた段階的な世界経済への統合。第三は途上国の貧困問題への取組み。そして最後に途上国の民主化の促進があげられる。

マーストリヒト条約ではEUの開発協力政策は加盟国の政策に補完的であるべきであるとしている。すなわち加盟国の政策が優先するのである。しかし、現実にはEUと加盟国の援助政策の補完性はなく、EUと加盟国の間だけでなく、加盟国間でも重複している面が見られる。また、構造調整などの政策に関しても共通した政策が取られておらず、どのような分野で補完して行くかでの合意を得ることにも時間がかかると思われる。また、マーストリヒト条約が更に求めているものは政策の一貫性であるが、開発協力政策を他の農業政策や商業政策と一貫性を持たせるのはなかなか難しいと思われる。

このような政策の補完性と一貫性に加えて次に政策調整の問題があげられる。援助政策の一貫性や補完性の追及よりも16の援助オペレーションの調整を行なうことの方が可能なのかも知れない。しかし、欧州のドナーの援助調整が援助政策の一貫性、補完性を達成するための踏み台となるのであろうか。例えば、既に大きな援助プログラムを実施しているEUは自らが調整役になることを危惧している。EUと加盟国との調整の在り方をどのようにするかまだ解決されていないが、DACの議論で見られるように調整のリード役は取ろうとするが調整される側になるのは政治的に受入難い面がある。



マーストリヒト条約にはロメ協定が1999年限りのものにもかかわらず欧州とACP諸国との特別な関係として触れてある。さらに欧州開発基金(EDF)はEUの予算外で加盟国の拠出金により運営されている。EDFをEUの予算の中に入れるという議論があるが、ヨーロッパではロメ協定やEDFをEUとは別のものとして置いておきたいと思っているものも多い。もう一つ援助政策の調整がうまく進んでいない理由として、現在、EUでは開発協力政策は地域や大陸により分けられ5人の委員により運営されている点である。

EUの援助は加盟国全体の援助額の14%を占めるだけでドイツやフランスの援助の方が大きい。EUが16番目のドナーとして他のドナーと重複しながら自らのプログラムを運営するのは効率的ではない。また一方で加盟国の各援助機関はEUよりも政策策定能力、経験、優秀なスタッフを持っており、これらをEUに集めようとするのも適切とはいえない。

現在、ODIでは他の研究機関と協力して加盟国の援助機関の比較優位点を研究し、マーストリヒト条約が目指している援助政策の一貫性と補完性をもたらすような提案を出そうとしている。このような研究から援助調整の必要性が議論されるであろう。EUが伝統的に得意としている分野としては貿易関連のプログラムがあげられ、また、EUが扱うべきものとしては環境やPKO、紛争解決などの新しい分野が考えられる。加盟国の多くの資源がEUに向けられることによって、加盟国の援助はある特定の分野に特化して行く事が考えられる。EUの対外援助は1990年代の終りに2倍にすることが決定されており、多くの資金が東欧と途上国に向けられる事になる。したがって、前述のような新しい分野はEUが担って行く事になる。

最後に、最初に提起した援助政策は危機にあるのか、あるいは過渡期にあり新しい援助政策・調整政策に移行しようとしているのかという疑問に対して私は肯定的に見て行きたい。EUが援助政策の主導権を握ることはマーストリヒト条約に書かれ、加盟15ヶ国により署名されていることである。しかし、全てがEUに集中して一つのEUの援助政策が確立されるとは直ぐに見做すことはできない。加盟国の援助機関はそれぞれ多くの長所を持っており、継続的に援助を実施して行くことが合理的である。したがって、将来もなお、ヨーロッパの援助政策は複雑なものとなろう。EUの援助政策は日本の援助がそうであるように幾層にも重なった複雑なものであり続けられると思われる。



Tuesday, 14th February, 1995

**“TRANSITION IN FOREIGN AID: CHANGING AID  
POLICIES IN EUROPEAN COUNTRIES AND EU”**

Mr. Adrian Hewitt  
Deputy Director  
Overseas Development Institute  
London, UK

**MODERATOR:**

Thank you very much for attending the IFIC Development Seminar this morning. I would like to introduce today's lecturer, Mr. Adrian Hewitt, Deputy Director of the Overseas Development Institute, London. He did his first degree at Oxford University and his postgraduate studies at the School of Oriental and African Studies, the University of London. After working as an Economist for the Government of Malawi for two years, Mr. Hewitt joined the ODI in 1977 as a Research Fellow. Since 1987 he has been Deputy Director. And since 1984 he has been Research Advisor to the All Party Parliamentary Group on Overseas Development. Mr. Hewitt has written a number of books and articles on foreign aid, international trade and commodities, including a recent ODI Special Report, entitled "Crisis or Transition in Foreign Aid."

Mr. Hewitt will speak about the foreign aid policy of the European Union and its member countries. After the lecture we will have the question and answer session.

**ADRIAN HEWITT:**

I am very pleased that you have invited me to talk on this topic of aid in transition, because it's one I have worked on quite a lot. I should be making references to the book with this title on "Crisis or Transition in Foreign Aid", and I am glad to say that there is a very substantial Japanese chapter in that book written by Professor Hirono, who participated in our discussions and deliberations at the Rockefeller Conference Center in Bellagio, Italy about a year and a half ago, followed up by meetings in Paris, which produced this overview of the changes in foreign aid policy that were occurring all over the world, or specifically amongst the OECD donors.

I am going to emphasize the changes that are occurring in Europe particularly, but I want to do a more general introduction before I get into the details of European development cooperation policy-making. It's a complex matter. It operates at several levels, and it's in a state of change itself. But to put it in context, I would like to make the point that our findings, when the research directors of a number of independent institutes from the main OECD countries met in Bellagio and Paris to review their positions on foreign aid policy, it was found that there were very great differences in perspective among the OECD countries.

To put it very briefly, at one end of the spectrum, there were the North American donors, the United States and Canada, who did feel that there was a crisis already, that there were major changes that had to occur to their foreign aid policies and programmes mainly as a result of the end of the Cold War, but because of a number of other developments that I shall mention. At the other end of the spectrum, I think we found Japan, which was running a large and increasing aid programme with increasing confidence, and didn't want to have to think about problems of crisis. It will prefer to proceed in a linear fashion because it was confident that there was a demand for aid that wasn't being satisfied yet, and that there was a proof of the validity of aid especially in the Asian sphere that could be replicated elsewhere. There was a lot of confidence in Japan on the one hand, and a lot of doubts in North America on the other hand.

In the middle, geographically too, there were the European donors, some of them are quite large, France and Germany particularly have very large foreign assistance programmes, as well as the European Community with its own programmes. And the striking thing about the European donors was that, unlike the Americans in their perceptions over crisis, they would tend to go more for the transition idea. Now there isn't a crisis, but one needs to adapt history as changed. Europeans were living right next to the Iron Curtain, which had come down; their neighbours were now the Eastern European countries that wanted to become Western, and so on; and yet, they were still thinking more globally about developing countries than the North American donors.

On the other hand, they didn't have the confidence, the new found confidence of the Japanese, perhaps because their programmes had had more difficulties, perhaps because they had been trying to achieve more and failing more, perhaps because they had had a longer tradition of mixed results in their aid programmes, and perhaps because their own voters, their own populations were quite well informed about the pluses but also the minuses of foreign aid's achievements.

But not only are the European donors different from the Americans and different from the Japanese, they are also different amongst themselves. There is a tremendous amount of variety in the foreign aid programmes of European countries. In each relatively small European country, its politicians know that its aid constituency is different. It depends very much on the culture of the country concerned, on its post-Colonial history in some cases, on its voting patterns, on the tensions maybe between socialists and Christian democrats in some countries, and so on. You really need to know every country individually to be able to begin to understand how they are addressing the question of changes in foreign aid policy. So, it's an eminently suitable subject for detailed research, and ODI very much operates on the basis that research is a necessary way of informing policy-makers. That's the justification in its own right.

Before I get into a detailed consideration of the European aid changes, let me detail the pressures for change that do exist worldwide, although particularly in Europe. In the briefing paper, I detail about eleven particular pressures. Obviously, the most important one is the end of the Cold War. We are talking about the changes that have occurred since 1989 when a number of East European countries changed their governments, ceased to have communist governments; some of them returned to communist governments but not the key Eastern European countries. And two years later the Soviet Union ceased to exist as well.

Some aid programmes took into account the Cold War influence on developing countries a lot, and some not so much at all. It's striking that obviously this was very important for the U.S. aid programme because it was very security-conscious, but a country like Norway, which had a very large

aid programme proportionate to its size and even to its wealth, and actually has a border with what is now Russia. But you would find it very difficult to argue that Norway's assistance programme for developing countries was heavily coloured by East-West tensions, almost not at all. It was very much focussed on poverty, concentrated in Africa, very much helping the poorest people to get out of poverty, and not at all coloured by its foreign policy, even though Norway, just to take this example, had a very strong foreign policy relative to its size and importance. Norway has been a big actor in Middle East settlements and in a number of very important global initiatives on the environment. You know very well the current Prime Minister of Norway took a leading role. So, nonetheless, even though it had a very strong foreign policy, its aid policy was based on first principles of development cooperation, and very much North-South, rather than East-West, relations.

But the other pressures are also very important. My analysis isn't based on international relations alone and the changes that have occurred there with the end of the Cold War.

First of all, there has been dilution of development cooperation aid budgets by other demands. In other words, the Ministries in some countries have wanted to piggyback on the aid programmes, whether it was for commercial reasons, for foreign policy reasons, and increasingly for humanitarian reasons or basic political reasons. This is a phenomenon that you find across many donors; it's not particular to anyone.

A third area where there is tension is that there are now new claimants on foreign aid. There was a time when one could talk about the Group of 77 or the Third World being the destination of all foreign aid. But there are now countries obviously from the former Soviet Union Republics, and even countries in Eastern Europe that have a legitimate claim on the same sort of resources, on concessional official resources, as well as a lot of new themes requiring foreign aid spending such as global environmental problems, conflict resolution, which wasn't really a draw on foreign aid before, peace-keeping or peace-making. If you don't have official funding for such budgets, you start and look around at budgets that exist already, and you consider whether you can

borrow some of the money or take some of the money from those budgets. But that's something I will return to later, too, when looking at the European position.

Simultaneously, this is that occurred with a new pressure, which is that although the world has become much more internationally-integrated, at the same time the international organizations, which celebrated their fiftieth anniversary last year, are very mature institutions, and some of them are showing their age. Some of the aid policy-makers in the national governments or the politicians who vote on budgets for aid, have some well-founded legitimate arguments that some of the international organizations are not delivering the goods as efficiently as they believe they could nationally. You get into questions of whether it is legitimate to carry on funding United Nations or other institutions, just because traditionally one has funded them. Again, proper research could inform such arguments, rather than simply political decisions.

But there is concern that aid resources are scarce resources. If bilateral aid budgets are being squeezed as they are in a number of countries nowadays, then the first thing politicians say is: Well, why not try and safeguard our own bilateral programme, if we have evidence that multilateral programmes which we traditionally contribute to are not as efficient as ours, or not as efficient as they should be.

A new pressure has arisen in what I call "burden-sharing" among the donors, simply because the DAC members, now 21 countries, are really the only main aid donors left. There was a time in the 1970s and early 1980s when alongside the DAC, there were two other strands. There were the OPEC countries, which had a very buoyant programme starting from about the early 1970s and which, after being criticized initially as being too regionally focussed just in the Middle East and perhaps parts of North-East Africa, then, responded to that and started developing a real global network with quite significant contributions especially from Kuwait, Saudi Arabia, but also Iran and Iraq in those days, and some other countries. By the time of the Iran-Iraq War for a start, it effectively wiped out two contributors to the OPEC or the Arab aid

programmes, and then, the gradual decline in the real price of oil and therefore the surpluses that they were retaining has meant that OPEC aid is not a significant force in its own right any more. Only Saudi Arabia really has a significant programme in its own right. Even Kuwait has been diverted from obviously its own problems after the Iraqi invasion of a few years ago.

But secondly, another phenomenon is that the Soviet Union itself and some of the Eastern European countries, Czechoslovakia, to some extent, Poland, Hungary, ran aid programmes of their own. They ran GSP Schemes. Their aid programmes were perhaps a little too focussed on security, a little too concentrated on planning and health and certain areas. There are ways of criticizing their aid programmes in the same way as I have implicitly suggested that the American aid programme was too focussed on security questions. But the fact is that they did exist; they were not remarkable programmes; they were not terribly large in any proportions, although they were focussed on a number of countries, obviously Cuba, Vietnam, Mozambique, and so on. When they suddenly collapsed, that did leave a vacuum, and it removed a whole stream of aid-giving or burden-sharing, from the international scheme.

So, my point is that the DAC donors are really the only significant donors at the moment for the first time in the last thirty years. It's not clear that the next generation of donors, Turkey, Korea, Taiwan, maybe Singapore, are going to join to operate along the same rules as the DAC and to agree to the same norms and standards, simply because we are in a transitional phase. We are not at the end of the Marshall Plan, at the end of the Second World War and reconstructing Europe and the war-shattered economies again. We are in a completely different phase. So, it's not clear how these new donors are going to shape up, although they will come. There will be a new form of burden-sharing.

Other pressures include the fact that non-governmental organizations are obviously much more important in what is called civil society in the donor countries. That's the phenomenon in its own right, in other words, it influences policy-making. But they are important in another sense in that, although their distinction is that they raise funds themselves from their supporters, they are



a significant force for retaining public's funds as co-financing for their own operation. So, they represent a new claim on aid, and more tension.

The last phenomenon that I would mention in terms of tension is one that obliges researchers to think very carefully about the relative success and failure of foreign aid in different circumstances. I have called it here the power of financial markets. Whereas in the early 1980s, foreign aid was the main flow going to developing countries, private investment, portfolio capital, lending, more generally, was very depressed; there were very few flows, and they were concentrated in only a very few countries. Nowadays, these levels are reversed, and foreign aid, now running at only about 56 billion dollars a year from the OECD DAC countries, is now much smaller than the flow of foreign private capital going to developing countries, even though the latter flow, again, tends to be concentrated on the emerging economies of Southeast Asia particularly, and to some extent Latin America, although obviously the events in Mexico may have disrupted that a little.

One is forced to address the question how it is that foreign aid can be so easily replaced by private capital in certain countries, and it is reassuring to note that the really successful countries of East Asia as well as Southeast Asia attribute quite a lot of their success to foreign aid in the early stages in the 1950s and 1960s. I think that is something that one must note.

But the countries, which are now attracting substantially greater proportions of the aid that remains, notably, Africa and South Asia, are not so obviously in line for attracting private capital to substitute for it next. It seems to be the case in South Asia, and I hope it will be the case there, but in Africa it is still not clear that they are making that sort of transition.

These are the pressures for change that I have enumerated in some detail. The recipients themselves are changing, because some of them really ought to have graduated out, and the DAC has been quite reluctant to graduate recipients, but they have now got a plan with dates particularly by 1996 to graduate recipients out of counting foreign aid. The donors have gone back to the DAC corps with some new donors appearing on the sidelines, which used to be recipients of aid, and that's a reassuring thing. But deep down,

apart from the Cold War and these other tensions, there is a financial crisis facing official aid-giving in most of the donor countries. Maybe not so much in Japan and I hope to get some feedback from you on the Japanese position itself.

So, what is the financing crisis? It's not just relative. I have just mentioned that foreign aid now is much smaller than the private force going to developing countries, almost to a ratio of three to one nowadays, even though it was the dominant force in the 1970s and 1980s, to some extent.

It's that for the first time, enumerated in 1993, the overall volume of aid fell sharply, and that this fall was widespread across the donors. It fell from well over 60 billion dollars to about 56 billion dollars in 1993. But the significant thing is the change, because until then foreign aid globally had been rising between 2 – 3 percent a year for many decades, despite the OPEC price rises throughout all the various disruptions; it had followed fairly gradual, linear rise. Although people said at the end of the Cold War there would be disruptions, this didn't show up until 1993, which have really only finally come through in the last six months or so. And we know that some of the donors that didn't significantly cut back then have taken decisions to cut back since. I am thinking of Sweden and Canada, some of the more positive donors at that.

These cutbacks were pretty widespread across all the DAC members. The only countries that significantly increased their aid in 1993 were the very small ones; Ireland and Luxembourg, are cited by the DAC themselves. Japan's aid increased in dollars, although not in yen that year. So, you understand what was really happening there. In a sense, it is not a real increase from your point of view here in Japan. Britain actually managed to stay stable, but that's after a long campaign of no cutting back so much after previous cuts of the late 1980s. The United States cut back significantly. Even some of the European countries that had been good performers, were found that they were cutting back.

It's the first time that substantial real cuts in foreign aid were marked. I have put the figure here in the briefing paper; 54.8 billion dollars is the new

cutback. And you can see this in other ways, literally this week. There will be a meeting in Brussels to agree the funding of the new European Development Fund. This is at EU level, and I will get to the distinctions in a minute. The best one can hope for the outcome of that funding is that it will fund the African, Caribbean and Pacific countries for the next five years, right up until 1999 when the present Lomé Convention expires. The best one cannot hope is that the funding agreed by the Member States for the European Development Fund will be the same in real terms as it was for the previous five years. We certainly can't envisage an increase, and it is likely that there will be a decrease. The French are aiming for a real term's contribution; kept the same; but many of the other Member States of the European Community, Germany, Britain, and even some of the new contributing members, expect there to be cutbacks. So, there will be a compromise on that.

Before I go in detail on Europe, let me just talk about the different perceptions in rationale towards foreign aid because in Europe this is very much diverse.

In North America, I think the problem is a lack of a consistent rationale for foreign aid after the end of the Cold War, partly because there have been less resources put into education of the public on development issues. Aid for development sake alone is not given high priority among the public, and therefore, it can become a prey to populace politicians who aim for cutbacks. You see this in the case of Senator Jesse Helms at the moment. Generally speaking, the new Republican Congress is quite hostile to foreign aid, and is looking for savings in budget expenditure more generally, and it will look at aid as one of the first ports of call.

In the United States, in particular, the general public has not really been engaged in the debate about the purpose of aid or the perceived conflicts between Third World development and domestic issues in the north, particularly unemployment. There is concern that domestic self-interests might leave to active public opposition in the face of possible jobless growth, which is a big political concept in America, especially when aid rationalized by self-interests fails to produce the promised rewards.

Even the agency managing the economic assistance programme in America, the Agency for International Development (A.I.D.), is one of the agencies that some Republican politicians are earmarking for absorption into the State Department, into Foreign Affairs more generally. Now, there will be a resistance against that, but that is one of the possible scenarios that the A.I.D. itself should have its autonomous status removed. There is a lot going on there.

In European countries, one doesn't talk in the same way about aid fatigue. In general, the public support for aid and widespread involvement and interest in developing countries are quite high. Countries themselves are quite small, outward-oriented in their trade and in their foreign policies, which does help to keep a corps of public support for aid. Aid levels have been kept relatively steady until very recently, although they are said to decline in real terms in most countries.

But there is a new phenomenon arising, which is not just that there is a lack of public leadership over aid in a lot of countries but that there is a growing disrespect for politicians and for governments in a lot of European countries. They are questioning the right of governments to raise taxes, and therefore especially to spend taxpayers' money abroad. That's a relatively new phenomenon that has come for the first time in this generation.

You see this very clearly in Italy, where the Government itself has fallen and they have tried to stitch together new coalitions, often bringing in non-elected politicians to head their governments because the politicians have been discredited. But there are reflections of the same phenomenon of doubts about the probity of politicians in France, in Britain at the moment. It is quite an interesting European phenomenon, even though it's specific to individual countries. It does give problems in political leadership over foreign policy and aid policy, too.

Let me move directly now to talk about the different phenomenon of transition in European aid policy in particular, and at which levels this operates, at the level of the Member States of the European Union or at the centre itself.

I suppose my starting point would be to mention the Treaty which the Member States of the European Union recently signed and was ratified at the

end of 1993, just over a year ago, in Maastricht. Now, it is important to notice the preposition there. It's a treaty on European Union. It is not a treaty of European Union. So, you mustn't regard the European Member States as the equivalent of the States of the American Union. They are not so integrated and won't be for a very long time, if ever. They have much stronger individual national, cultural traditions than the kind of melting-pot that the United States has been over the last two hundred years.

The Treaty is really a treaty to create an eventual European Union. It's an intention to create, it's an intention to add foreign and security policy on top of the European Economic Union that already existed and that has been deepened particularly in the last decade with the coming into force of the single market arrangements.

You can see that the European Union now has the intention to create a common foreign policy, however, which does mean that it would make sense to have a common or a single development cooperation policy. In most countries, development cooperation policy would be very closely aligned with foreign policy. It would not be sensible to have a development cooperation policy which is completely apart from foreign policy.

In fact, however, whatever the Maastricht Treaty says about development cooperation policy and whatever its intention is ultimately, at the moment Europe has not just fifteen development cooperation policies, that of each of the fifteen Member States of the European Union, but one could say it has sixteen, because the European Community or the European Union itself runs its own development cooperation programmes which, therefore, have their own policies.

One of the key questions for the future that the Maastricht Treaty addresses in a small way is whether Brussels, the Centre of the European Union, which manages not only the European Development Fund but also other policies, whether this should continue to be the sixteenth aid programme of Europe, or whether it should take over the other fifteen, or whether there should be a kind of division of labour between the two so that somehow one can reach a coherent, integrated programme. All the political questions are: How one

reaches that position, and which countries or which interests or which agencies have the strongest position at the end of the day. It's a very complex question.

I will go into that question in a little bit more detail in a minute, but facing that question, there are of course new pressures. I mentioned eleven pressures for the world or the DAC donors as a whole before, but there are four particular questions that Europe has to address in order to work out what kind of European aid policy will come at the end of the day.

The first pressure is the one I mentioned right at the beginning when I was talking about security questions and the changes that have resulted from the end of the Cold War. That is for the European donors. For many of them, their immediate neighbours are these Eastern European countries which until very recently were part of COMECON and direct actors in the Cold War and now have become economies that are in the process of reconstruction, the first stage before development. For a country particularly like Germany, the biggest member of the European Union, which has literally absorbed one of these former Eastern European countries, the former German Democratic Republic is now part of Federal Republic of Germany, it now has on its border the key Eastern European reforming countries, the Czech Republic and Poland, and to only one remove Hungary and Slovakia.

Germany has put obviously immense resources into its immediate neighbours; it has put immense resources into East Germany in order to absorb it. It has even put immense budgetary resources into Russia as a quid pro quo for encouraging the Russian troops to move back. This has produced enormous budgetary strains for Germany. Although German aid policy has tried to do the decent thing and retains its aid programme to developing countries inviolate and it has done pretty well in the circumstances, nonetheless, there are tensions, and ultimately, when you do get to a situation of budgetary crisis, as those occur in all countries from time to time, probably annually, politicians always say: If we have got to trim something, are you sure that foreign aid is a first priority?

I just give the example of Germany because it's the most striking and the starkest country, but all the countries of Western Europe are saying: Although

we can see the rationale for retaining very strong North-South relations, and we know that the countries of Africa and Asia are far poorer than our neighbours to the East, nonetheless, as a foreign policy priority, it is clear that Eastern Europe is very important, and therefore, it's going to be a claim on funding, too. This applies to the European Union at the Centre, too, because it is just in the process of forming its own foreign policies, and therefore, Eastern Europe is going to have a claim quite as much as the ACP countries, which they have had links with for many decades.

Secondly, again, one of the eleven phenomena of pressure that I am talking about for all donors is one that's very pertinent for Western Europe, too, which is that responding to disasters, particularly the man-made disasters, civil wars, civil conflicts. It is again something that's very close to Europe. Effectively, we have a major civil war going on in the borders of the European Union. It's in countries that used to be Yugoslavia, but it's very close to us. And if Europe had a coherent foreign policy, the sort of thing that the Maastricht Treaty is trying to engender over a period of decades, there wouldn't have been the confusion over how to treat the wars in Bosnia and the awkwardness between Europe and the Americans. Part of the reason is that there is a policy deficit in Europe. The Member States have quite strong policies, but German policy and French policy over Serbia and Bosnia were not the same. Just saying that in so sock a term means that it's going to be very difficult to get to a European policy on that. Nonetheless, what do you do if you don't have a strong foreign policy on that? At least you offer to help. And that's why a lot of aid resources have been diverted into relief operations supporting the UN, and bilaterally in the former Yugoslavia and in other parts of Eastern Europe.

The same phenomenon is threatening to occur on another Europe's borders, the southern Mediterranean, just across the Sea, a very short stretch of the Sea from Spain, you come to Algeria, which is a country that's in very deep political crisis, which might produce an enormous number of refugees if the political situation deteriorates further. It's also a country for which France has very deep political feelings. France had a war in Algeria only thirty years

ago. Algeria till then was part of France constitutionally; it wasn't just a colony like some of the other African countries. Therefore, when you try and form a European foreign policy, you have to take into account the very deep French feelings about Algeria, just as you would take into account Britain's legacy of Hong Kong, which has to be part of the foreign policy. So, it's very complex. That's what I have to emphasize. But the complexity also has an impact on foreign assistance programmes and budgets, because these new demands are calling on them.

Thirdly, I have mentioned this already, the loss of confidence in the public authorities in France, Italy, to some extent Britain, too.

And fourthly, it might again have an impact on aid spending or at least on the constituency that supports budgetary allocations for aid. It's that there is concern about Europe's competitiveness. It's often said that European social costs are much higher than those of our competitors, not just Japan but emerging economies and America, too. Whether there is enough innovation, there is always a danger that Europe would turn in on itself and become more protectionist than it needs to be in its own interest, which would have implications for foreign economic policy, too.

All these pressures will require changes in the structure, distribution and management of development assistance and development cooperation policies. But, because of the Maastricht Treaty, and because of the maturing of the Economic Community that Europe was to start with for the first thirty years, there is a drive to Europeanize foreign policy, and therefore, aid policy too.

But there is another tendency afoot, which to some extent may be conflicting with this, but it also gives us more requirements to think about how the policy is going to evolve because there is a pressure to globalize European development cooperation policies. What do I mean by that?

I have made reference a few times to the Lomé Convention, to the European Development Fund, and to the arrangements with the African, Caribbean and Pacific countries. Now, these are quite numerous. There are seventy countries nowadays. They also include many of the countries which were involved with the EEC, the European Economic Community, right at the



start. When the Treaty of Rome was signed in 1958, there was an attachment to the Treaty of Rome which gave a guarantee for looking after effectively the French Colonies. There were still colonies then in Africa, and this then went through the first two Yaounde Conventions in the 1960s with special trade and cooperation arrangements. It became the Lomé Convention broadened out in 1975 and that has been sustained since. In other words, there has been an underlying supposition that the European Economic Community, if it had an aid programme at all, would concentrate on these African countries plus a few others.

But as Europe has become broader, wider and bigger, with enlargement in 1973 to include Britain, Ireland, Denmark, and then later on, Greece, Spain and Portugal, especially the enlargement to include Britain and then Spain and Portugal has meant that there have been very strong interests in having an aid programme focussing not just on Africa but also on Latin America, and South Asia in particular, in other words, a global programme.

This makes sense in another perspective, too, because now that Europe is, with fifteen countries and with very substantial economies, the largest trading bloc in the world effectively, it is big enough to have a global programme just in the same way as the United States or Japan has a global development assistance programme, not a regional one concentrated on a few countries. Even if the few in the case of the ACP adds up to seventy, it's still only a few substantial countries and a lot of little ones, otherwise. Globalization of European Development Assistance is inevitable, although there are again various vested interests and various political forces which would like to keep it fairly regional and fairly small. But there is a tension there that is being resolved.

But ultimately, what is driving this is the recognition in the Maastricht Treaty on European Union that development cooperation is a policy specific to Europe for the first time. It's written down in Articles 130 u to w. I won't go into the details. It's effectively become one of the three pillars of foreign policy, security policy, and then development cooperation policy is the third one of the Union.

What does the Treaty actually say the aims of the European Union

development cooperation policy are? I will cite three or four of the main aims.

First of all, it intends to promote sustainable economic and social development of developing countries, especially the most disadvantaged ones. In other words, there is a focus on the poorest. Secondly, to promote the harmonious, gradual integration of developing economies into the world economy. Thirdly, fighting poverty in the developing countries, again, a focus on poorest people. And fourthly, very closely attuned to the foreign policy that is emerging and systems on observance of human rights and fundamental freedoms; the promotion of democracy in developing countries.

Those are for the general aims, a bit like the Japanese ODA Charter, but at least it states what the principles are. But I think the practice for the purpose of this Seminar, it is much more important to look at in detail, because the Maastricht Treaty itself states that the development cooperation policy of the European Union must be complementary to the policies pursued by the Member States. In a sense, the policies of the Member States precede that; they exist already. They precede whatever the European Union is going to evolve into.

In other words, the Member States and the European Union itself share competence and responsibility for the achievement of these objectives; they have to reinforce each other. Now, it's not only researchers like myself who have looked into this; it's Parliamentary Committees in Britain and other countries that have looked into this issue of complementarity. The European Commission, the Executive arm of the EU in Brussels, is actually very concerned about interpreting the text of the Treaty, especially on complementarity. Most of the people when they have looked have not found much complementarity in practice.

The Maastricht Treaty says there shall be complementarity between the Member States and the EU on development cooperation policies, but in practice, at the moment, there is an enormous amount of overlap not just between an individual member state and the European Union's own operations but between the Member States themselves. They don't even have the same policies in a given country on issues such as support to or differences with the World Bank on structural adjustment, even some fundamental policies like that. So there

is a long way to go in achieving complementarity, or even agreeing on the areas which are priorities for complementarity. There is a state of tension there.

Perhaps even more significant and more ambitious for the European Union in the Maastricht Treaty is a requirement, and this is Article 130 v; there is a requirement for policy coherence, by that we mean not just coherence between whatever policies the Member States are conducting, but coherence between the overall policies of Europe and those of the development cooperation arm of European policy. What do I mean by this?

You can see it in the starkest sense when you think about the common agricultural policy, which is the deadlock of the EU. It's a policy we all complain about, because it's in constant need of reform. But it's a very powerful political force behind Europe. Ultimately, the common agricultural policy is a fairly protectionist food policy. It has been obliged to change in the GATT Round; it will change further as a result of the Uruguay Round Agreement. But nonetheless, it is not the most constructive policy for developing countries or for countries who wish to trade in food and agricultural products. Therefore, to achieve coherence between the common agricultural policy and development cooperation policy is quite difficult. And there are parts of the common commercial policy of the European Union which aren't completely attuned to a positive development cooperation policy. It is actually quite difficult to achieve coherence in these areas.

A third area where maybe at a lower level common policies could be achieved would be simply at the level of coordination. It might be possible to admit that if not different policies, there are different traditions, different ways of operating, of running aid agencies or whatever, but it may be possible to coordinate the operations of these fifteen or even sixteen donors, if one includes the EU, and maybe that is a way of achieving these rather more ambitious aims of policy coherence and over-all complementarity.

I think it's fair to say that aid coordination amongst different actors who have joined together into the Union for other reasons is a desirable aim in its own right. In fact, aid coordination amongst the OECD donors is a desirable aim, and the DAC encourage it.

My question is slightly different. It's whether aid coordination amongst European donors might be a stepping stone to achieving these other, more ambitious aims of policy coherence and complementarity.

Even if it is, there are various options for achieving it, if you work it out. You may assume from what I have been telling you so far that the Maastricht Treaty is the driving force behind these moves towards policy coherence and complementarity, therefore, it should be the European Union, at the centre, that would be doing the coordinating.

But, for instance, the European Commission in Brussels is concerned that it may end up with just the coordinating role. It may be that the Member States say: Yes, we leave the coordination to the Commission because you have got good administrative services. But we would like to continue with the execution ourselves. It may be that some countries of the European Union might concentrate on executing aid in certain sectors; others do other sectors; or they might wish to divide the regional cooperation between themselves and just leave the Commission to coordinate the operations as an executive agency.

Now, the Commission is reluctant to admit that, because it runs very large funds of its own already, and it both initiates the policies and proceeds with the execution of them. There is a tension there that has not yet been resolved between the Centre and the individual Member States as to how coordination will happen. Because as you will have noticed in the DAC discussions, it is very much in favour of coordination amongst the donors, but there is always the question: Who is prepared to be coordinated? Everybody wants coordination. Everybody is prepared to take the lead on coordination. But it's a little bit more difficult politically to accept the role of a junior partner of somebody who is being coordinated.

Despite this, there are doubts throughout Europe as to whether the coordination is practically achievable in the short term, or even in the long term. Because inserted in the Maastricht Treaty on European Union, in the Article 130, which specifies the ground rules for development cooperation policy for Europe as a whole, there is just a short phrase which specifies that the Lomé Convention arrangements. Even though there are time bounds and

currently they would expire in 1999, it explains that they are permanent and that there is a special relationship between the ACP countries and Europe. Now, that will come up for a challenge in 1999 or before, because there is this tendency to want to globalize the programme. However, there are vested interests in Europe, and in the Commission particularly, wanting to keep the Lomé Arrangements separate. You may not realize that the European Development Fund is run entirely separately from the European Union's own budget, which also provides development assistance to Asia and Latin America, provides food aid, and has some operations even in Africa in some ACP countries. Yet, the European Development Fund is run on a five-year basis from direct contributions from the Member States, as if it's a separate operation altogether, a bit like the World Bank's IDA, which has to have periodic replenishments.

Now, logically, one should say that especially after the Maastricht Treaty, the European Development Fund ought to be integrated into the European Union's own budget. That would mean that the European Parliament would have stronger control over it. It would mean that it would have to be approved every year, just like national aid spending, and that doesn't prevent you having three-year, five-year rolling programmes. But there are vested interests that prefer to have it separate. We were hoping during the German presidency of the European Union, which has just expired; each Member State takes turns to have a six-month Presidency of the Union and chairs the meetings of Foreign Affairs and other Councils; the Germans were inclined to put on the agenda to press for the budgetization of the European Development Fund. The European Parliament is very much in favour of that, too.

In the end, they adopted the principle of let sleeping dogs lie, that is to say, they didn't want to disrupt. It's going to cause problems when that is budgetized, and they weren't prepared to do it in the last six-month period. France is in the Presidency now for the current six-month period. France is convinced that this is the wrong time to do it even if they wanted to do it, because it's the time when the Lomé Convention mid-term review comes to an end at the end of February. The announcement of the size of the new

European Development Fund will be made. That's the arrangement that's going to be valid for the next five years. So, France isn't prepared to go through with budgetization at the moment.

There is another reason why the coordination is going to be happening rather more slowly than before. Although the European Union now seems to be moving towards a more coherent and global development cooperation policy, and there was a time when a single commissioner, one member of the twenty Member European Commission, at the time of Lomé, was in charge of development cooperation policy as a whole. Since then there have been two Commissioners, one essentially for the ACP Lomé countries, until very recently that was Manuel Marin, a Spaniard, plus another Commissioner, a Portuguese, until recently who covered Asia and Latin American development cooperation.

A new Commissioner has just been sworn in at the end of January 1995, that will last for another four or five years. Now, we seem to have taken a step backwards, because there are arguably four or even five Commissioners who have responsibilities for development cooperation from Brussels outwards, divided almost along regional or continental lines. We are back to the situation where there is one commissioner for the ACP countries. This is a Portuguese, Joao de Deus Pinheiro. And he will cover just the Lomé Convention arrangements, plus significantly, South Africa. Although South Africa is not at the moment anyway being invited to join the Lomé Convention, it is included in the portfolio in the brief of the Commissioner who covers the Lomé Convention countries and therefore the whole of Sub-Saharan Africa.

Then, additionally, Manuel Marin, who used to be that Commissioner, has now taken on development cooperation operations for Latin America, plus the developing Asia, South Asia, in particular.

But there are two Commissioners who cover external relations, more mainstream external relations of the European Union, Sir Leon Brittan and Mr. van den Broek. Sir Leon Brittan is British, Mr. van den Broek is Dutch. Between them they cover, respectively, the bigger Asian economies, obviously Japan being one of them, the developed Asian economies, but also the emerging economies of Southeast Asia, covered separately from the South Asian

economies that Marin would cover, and also the Central Asian former Republics of the Soviet Union, covered separately by these Commissioners.

Just to add to what I think is the confusion, a fifth Commissioner, Mrs. Emma Bonino, an Italian Commissioner, covers emergency assistance and relief aid. And there is a separate agency now called "ECHO", the European Community Humanitarian Office, which runs relief aid out of Brussels, again almost as a separate operation, and that is now under the charge of a separate commissioner. So, there is increasing fragmentation at the level of aid administration from Brussels, which I think is not going to add to the coherence of the programme as a whole. I think this is a disappointing development, frankly, it has very recently been decided, because the new Commissioners were sworn in only about three weeks ago.

Let it be said, though, that my criticism would be counted by Jacques Santer, the new Commission President, by saying that the way the Commission operates is as a college: The twenty Commissioners operate as a unit, and therefore, the fact that there are five different Commissioners with particular policy briefs that may be semi-geographical in nature doesn't matter. The Commission operates as a whole. But I think, in practice, it does matter. That's why I am making this criticism.

I should add that it was the same criticism that was raised by the European Parliament itself for the first time on the U.S. congressional model. They had confirmation hearings for the new Commissioners in January. This was one of the points that they raised, that it didn't make sense to have five separate Commissioners dealing with one policy. The Commission President, Jacques Santer, responded to this by saying that he admits that his necessary decision has faced some criticism, and that he will respond to that by taking personal control to coordinate the five Commissioners, but that in a sense means there are now six Commissioners involved in development cooperation policy if Monsieur Santer is also coordinating them.

Let us put this anyway in context, because if the objective is to move towards a European development cooperation policy, let's bear in mind that the programmes that these five Commissioners administer at the moment

represent only about 14 percent of the total aid given by the European Union countries as a whole. If you include the programmes of the Member States and the Commission itself, the Commission's lot is only about 14 percent. The German and French aid programmes on their own are much larger.

Then, how would the tasks be reallocated, if we were going to get to the stage where we get to a more coherent programme? I have certainly argued that it doesn't make sense for the Commission to remain in the position of a sixteenth donor, running its own programme, possibly duplicating a lot of the things that the other donors do. It's simply not efficient.

I would argue against this for another reason, that is to say, the policy-making capacity and the experience in execution of many of the national aid agencies of the Member States of the European Union, Britain, France, Germany, even the small countries, the Netherlands and Denmark in particular, and Sweden, which is now a new member of the European Union, has a very strong aid agency, very strong traditions and very deep understanding of the development policy process, and is very consultative, very democratic in the way it forms development cooperation policy, both with its own people, with its own Parliament, and with public opinion, and in participatory policy formation with the recipient countries themselves.

Now, it is my belief that the policy process is more refined in the agencies of the Member States than it is in Brussels. Therefore, it would not be desirable to cumulate all the tasks of development policy-making in Brussels and to sacrifice the very strong staffs and the very strong policy-making processes that the Member States have.

To put this slightly more in research modes, although it's obviously a politically very sensitive topic, what ODI has done is to interact with a number of independent economic development research institutes in a number of the Member States, France, Germany, the Netherlands, in particular, to try and establish on the basis of comparative advantage, where the strengths of the various aid agencies in Europe lie, and where their relative efficiencies are. I stress comparative rather than absolute advantage, so that we could come up with a range of proposals where the ideas behind the Maastricht Treaty of



getting to a coherent aid policy programming arrangement could be realized.

We are not going to make lots of friends. I am sure we will make some enemies in this process. It is a respectable research process that you investigate where the strengths and weaknesses of agencies are, and we are looking at this not just by talking to them but obviously by observing on the ground how successful they are in comparable aid operations in developing countries, too. That will be for a second phase. You haven't done that yet. We are looking more at the process of evaluation at the moment.

What do I envisage for the outcome of this? There will be almost certainly an argument that there is a need for coordination. Whether we reach the higher level of policy complementarity, there is a need for greater coordination, anyway.

It may be that Europe's central strengths, the Brussels Commission, stay in those areas where the European Union has traditionally always been competent as an economic community. For instance, it has always had full competence over trade matters. Therefore, those elements of the aid programme which are trade-related should logically stay with Europe, and not be dealt with so much by the Member States, who might have rather less respectable political reasons for retaining the trade components with them.

You can also argue that Europe at the centre or Brussels ought to take on all the new areas of aid policy-making, such as dealing with the global environment or specifically environmental problems of developing countries. Aid funds are being diverted into these new areas of peace-keeping, peace-making, conflict resolution, maybe not because you can argue that Europe as a whole has a strong foreign policy to start with already, which clearly it doesn't, and that's the thing that has to be created, but simply because more funds are being voted towards the centre for development cooperation policy at the expense of bilateral budgets. Therefore, there is a reason for shifting the funding there. You may find, as a result, the Member States might find themselves going for niche operations, for specializing in some of the sectors that I have mentioned ahead. But that would require them to renounce a lot of the general competence that they have already. It won't easily achieve that.

I think in the end it will be the funding position that will determine the outcome. There have recently been decisions taken to effectively double the external funding of the European Union towards the end of the 1990s. Quite a lot of this money will be spent either in Eastern Europe or in developing countries, and there is a tension between how much each proportion should have. Therefore, it will mean that even though this policy-making deficit in Brussels is apparent, there will be a strong reason for Europe taking over these new areas that I have mentioned before.

Let me then move out of Europe and somehow bring to a conclusion the question that I am putting to you, which is: Is it all the terrible crisis and we can't see any patterns or outcomes from it, or is there a transition where we can see new strength emerging in aid and cooperation policy? I would like to look at this quite positively.

I think one phenomenon is that all the international organizations that deal with aid and cooperation now are global institutions with membership that's almost totally global. The days when the Bretton Woods Institutions, the World Bank and the IMF, were restricted to Western and developing countries are over. The former COMECON countries are now full members of these bodies, just as China wants to join the W.T.O., the successor to the GATT, and obviously the former Soviet Union and its Republics are liberalizing quite fast and want to join that, too.

The problem is that although there need to be global institutions to address global problems, a lot will continue to be done at the national basis, and in our case on the European level, because there is a lack of confidence in some of the multilateral institutions. And this is quite an important phenomenon. I am not talking so much about the kind of criticisms of the World Bank structural adjustment policies where the Japanese have been instrumental in making people think harder about accepting the World Bank's lead on that. I think the World Bank is looking after itself quite well. It has been confronted with a need to change on its environmental policies, on the terms that the environmentalists have been very concerned about. Its rather abrupt, short-termism on structural adjustment has been challenged, and it has adapted its

policies to respond to that. I think the thing about the World Bank is that it's constantly in a process of reform, and it will survive because of that.

I am not even referring to the IMF, which has again had to reform and change tremendously, and certainly came out of the first Mexico crisis of 1982 rather well. In fact, the IMF was in a very prominent position in handling the debt and transition from the debt crisis, at least in Latin America, perhaps not so much elsewhere. But it's not clear how the IMF's very urgent action on the current Mexico crisis is going to look in a few months' time. I am not sure how the IMF is going to figure out of that.

But there is a more fundamental problem with some of the United Nations institutions, and taken together with the Bretton Woods changes, these are going to be addressed in the Halifax Summit of the G-7 this year; whether that single meeting will agree on complete reform, I don't know. But I think there is a recognition that these fifty-year-old institutions are in need for certain fundamental reforms. And they are being allocated tasks, some of the peace-keeping, the conflict resolution, which aren't really the task of aid agencies certainly, but they are finding that aid funds are being diverted from this. There is a lot of coordination needed there.

There is a problem that is becoming more and more apparent in the United States and Canada on sustaining the momentum behind aid programmes and aid budgets, and I notice just last week Canada announced a new foreign policy in which trade promotion was the highest priority, and humanitarian assistance had slipped very far down the list, reflecting some of the rather more populist policies of the United States and the Republican-dominated Congress now. This is becoming a common phenomenon.

But I would like to look at this transition to a new form of global development policy which requires reform amongst the institutions just as in Europe. This is happening anyway, not as a crisis but in the familiar Chinese fashion as an opportunity. It is significant that those that are reforming the most, some of the European countries such as Sweden and the Netherlands, are thinking ahead for new global obligations, the new uses for their development cooperation programmes, just as the multilateral institutions that

have a tradition of renewing themselves and reforming the most, the World Bank and the International Monetary Fund, are the ones that are going to be looking the most robust at the end of the 1990s, and therefore, are most likely to survive into the next century.

To put a European tone on my last sentence, the European Union's command over aid policy is not going to go away. It's now written into the Maastricht Treaty, which all fifteen members have signed up to for the first time. In the past it was just a programme which had a life of its own and it wasn't integrated.

Do not assume, however, from that everything is going to be centralized in Brussels, that there is going to be one single European assistance programme, or even one policy. There is a long way to go on that. There are lots of strengths in the aid agencies of the Member States of the European Community. They won't just battle for survival. They will have a very strong rationale in continuing.

I think you will find that in future European assistance policy and development cooperation policies are going to continue to be complex; they are going to continue to be layered just as foreigners find, I think, that Japanese assistance policy is quite complex because OECF does something, JICA operates fairly autonomously, the Ministry of Foreign Affairs has a particular programme or activity of its own, and so on. So, I think maybe European Development Cooperation Policy would be a reflection of Japan. How about ending on that point?

Thank you very much.

**MODERATOR:** Thank you very much, Mr. Hewitt, for your very informative lecture. Now the floor is open for questions.

**QUESTION:** First of all, I would like to extend you my heartfelt thanks for your well organized lecture, which is of great assistance to us in conceiving a concrete idea on the change in the structural nature in EU at this moment.

You have made it clear that what the letters of Maastricht Treaty have provided for as ultimate goals at present, sixteen kinds of foreign aid policies including that of EU by itself. At the same time you enumerated two factors,

complementarity and coherence as ambitious aims of EU with coordination function as a stepping stone to this end. In this connection, perhaps you would share my view that a concerted action to be led by EU should increase effectiveness or productivity in aid policies pursued by the Member Countries of EU as well as that by EU itself. But on the other hand, you hinted at various kinds of difficulties which prevent concerted actions. Could you please elaborate on this kind of difficulties in more concrete terms?

**HEWITT:** Let me explain some of these difficulties in the following ways. When I mention that ODI was conducting a study in order to help inform the policy-makers of the reality of relative competencies in aid policy-making and execution, I stress that what we would be looking for would be a formula which identifies the comparative advantages of the various agencies or the various operations that we evaluate. It's comparative rather than absolute for the following reason: Because you could envisage a very properly conducted study. You could conduct a study of operations that the Commission had done in past years, that the ODA from Britain had done, that the BMZ from Germany had been in charge of, and also the Spanish Government, which had recently gone into aid-giving in a big way, had come into being.

The danger in saying that two of these countries did them well and the other countries could do better is that you might find that some of the countries that have less material aid agencies, Spain, Portugal; Greece isn't even a member of the Development Assistance Committee; it's a little bit chaotic at the moment, they have trouble in its agency. You may find that all the southern countries of Europe which have some of the strongest interests in development cooperation for the longer term have the weakest track record of competence because they have become donors quite recently. If all your studies produce the same results, that leaves a problem for Europe, because you then end up in a kind of a North-South split with all the interesting activities in future policymaking going to the north of Europe, yet all the pressing interests of solving problems in North Africa and Sub-Saharan Africa are remaining with southern Europe. So you have to pray to the strength. There must be comparative advantages in some operations that you need to look for. One

has to be very political about determining where the future lies in these operations. That's the first thing where there is a lot of tension that has to be resolved.

To put it simply, if all European study contracts, research work for development cooperation were awarded on the basis of absolute advantage, then some Member States would always be complaining that their research institutes weren't getting any. The Commission itself has a policy of encouraging, of bringing on the research institute in some of the weaker countries. This is just real politics. The same applies probably for awards for tenders in other areas. That's the way of building a union, a European Union.

The second reason why there are tensions is that not all the Member States, or not all the electorates of the Member States, are quite as confident about the European Union as they were even five or ten years ago. When the Maastricht Treaty required ratification, it had to go through often the Parliaments of some of the member countries, in some cases there were referendums held. It was pretty close in a number of countries: In Denmark they actually voted against it and had to rerun the vote. In France it came very close. In Britain, the British Government wouldn't have put it to a referendum because it would have been afraid of the result, but it did manage just to get a majority in Parliament for it.

This has got nothing specifically to do with development cooperation policy and whether that gravitates to the centre or stays in the regions of Europe in the Member States. But there is a tide of opinion which was very pro-European in the 1980s, and which by now, only about five years later, has become much more regionally strong, much more confident that there are many things that can be left to the national governments that don't have to be devolved to the centre. This is reflected in day-to-day politics in Europe at the moment.

In Britain the Governing Party, the Conservative Party, is very much split on Europe. Some of them are favouring more integration, and about half of the Party are much more nationalistic and are against this. These splits go all the way up into the Prime Minister, Mr. Major's Cabinet. There are pro-

Europeans and anti-Europeans in the Cabinet. At that level, it's not easily resolved, and Britain isn't the only country in this. In the first round of elections for the French presidency, the French can be very nationalistic even though they are key players in Europe and have traditionally driven the development cooperation policy of Europe, which has been French preserved.

Lastly, another area of tension is probably between the different national interests for development cooperation policy. I have said that the traditional policy was one that the French gave to Europe with a very strong focus on Africa. In truth, that hasn't been terribly successful, if only because Africa has been one of the areas where aid has been least successful. There is sort of guilt by association or there is contamination by association. I am not saying that Africa has been unsuccessful because European aid hasn't worked. It's the other way around. European aid has been in an area where it has been less successful than in other parts of the developing world.

But Britain compromised when it joined the European Community on retaining this Africa focus at the expense of South Asia. I am not sure that was a terribly wise decision, but it happened. When Spain in particular, but Spain and Portugal together, joined the Community, by then there was enough momentum and enough power in the European Parliament, which is itself making a force in Europe, to argue for stronger links with Latin America, and special programmes going beyond the traditional areas. This has got a momentum which I don't think will stop now. The new tension is between whether so much foreign spending should go to developing countries rather than to European neighbours, Eastern Europe and Russia, possibly to counter any longer term security threats. So, it's a different argument that it's the argument between economic security and development assistance.

**QUESTION:** I would like to ask your idea about the term "complex" which you have used to characterize some aspects of EU. On the one hand, you have just mentioned the trend to be expected in the future, hopefully from the stage of so-called coordination, passing through coherence and possibly to complementarity. But at the same time, on the other hand, you have mentioned about the importance and the significance of the difference in the characteristics

of the well-experienced aid organizations in individual major donor countries who are members of the DAC.

I am not sure whether you have been saying that the first trend which has been mentioned would have to be achieved, or whether individual countries should maintain their experienced aid organizations to conduct aid according to their own development policies, or finally, as you just mentioned, may be as a joke, whether the trend will be towards a complex EU, something like the Japanese system.

**HEWITT:** I am not sure even that there is a trend towards complementarity yet. There is a stated intention that European Development Cooperation Policies should be complementary. They are clearly not at the moment. We have established that. It's very difficult to find complementarity. We would like that to be more. If more complementarity is achieved, I do not believe that the aid agencies of the Member States will be sacrificed in the process. That's my feeling.

If you want to be really ruthless about achieving complementarity, you could say: Just transfer everything to Brussels and close down the aid agencies. I just don't think that would happen. It's not just because they would resist this. It's not even a logical way of proceeding.

In reality, the Brussels Commission is quite weak; it's quite under-staffed. It's a lean administration, to put it positively, in administering aid. The Member States know this. The Member States of the European Union often second some of their best people in areas where Brussels are weak. They go for two years, specialists in social forestry or specialists in various aspects of aid. Brussels was very slow in adopting a policy on structural adjustment. It wasn't until 1987 that they really had a position on that. They were uneasy about it, but they didn't know what to do, whether to go along with it, whether to oppose it, even as simple as that, whereas even though the Member States had different positions, they knew where they stood. British ODA was pro-the World Bank. The Swedes were sceptical; the Germans had a strong position.

I don't think it will proceed in that very radical way where you just close



everything down and transfer things to Brussels. But Brussels or the centre has money on its side. Because of various decisions that have been taken recently to transfer external funding to Brussels, they will have the power of the purse. It's the power, in any case, which they have exercised through the EDF for a long time, even though the days of that are probably waning now.

But the reason why I am confident that it won't happen in this radical way of everything being centralized is because ultimately, development cooperation policy is primarily part of the foreign policy of the new Union, or of any country of the European Union. It is agreed among the Member States that the foreign and security policy of the European Union, what doesn't exist at the moment, what is going to come into being, the foreign policy is going to be agreed intergovernmentally.

In other words, unlike commercial policy where the Commission proposes and then coordinates everybody, and it's agreed that the Commission is in charge in the driving seat, in the case of foreign policy, the Commission is not in charge. The Member States agree everything step by step. The Foreign Ministers meet and agree whether they go forward in this direction or whether they don't go forward at all for the time being. They retain all the control, and they may or may not decide to allow the Commission to control foreign policy. At the moment, the only foreign policy that the Commission manages, initiates, or controls is economic, is commercial policy, is trade policy. It's foreign because it's outside of Europe, but it's to an intensive purpose, it's trade policy. Any new foreign policies that have a security element particularly are going to be kept under the political control of governments of the Member States, not the Commission, because the Commission is not a political body; it's not elected. I don't vote on Commissioners. The Commissioners who are there may have been politicians; some of them have been Prime Ministers in their Member States. But they are not politicians any more. So, in a sense the Commission has got a democratic deficit. It's not accountable to the people in the way the Member States are.

Now, I am stressing the difference between foreign policy where it's clearly inter-governmental, on the one hand, trade policy, commercial policy,

which has always been a Community Union policy, on the other hand. Development cooperation policy is a little bit in between, and it has had this tradition, especially through the Lomé Arrangements of being very much driven by the Commission, but only that. But on balance I would put development cooperation policy in the foreign policy. So I think the Member States are going to want to retain a lot of control, and I think they should because of the political accountability that has to come with dealing with relations with other sovereign states, which is also part of aid policy.

I'm sorry to give a complicated answer, but it's a complicated problem, and I think that's how it's going to happen.

**MODERATOR:** Thank you very much. It's time to close the Seminar.

Concluded.



JICA