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Policy Coherence for Development in EU Development and Trade Policies

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ABSTRACT

The European Union (EU) has focused, since the establishment of the European Economic Community with the Treaty of Rome in 1957, on cooperation with developing countries, in particular with the former colonies of its Member States, the African Carabbean and Pacific (ACP) countries. Whilst the principle of Policy Coherence for Development (PCD) emerged in the work of the Organization for Economic Cooperation and Development (OECD) and in the EU political agenda since the early 1990s, it was only in the mid-2000s that it became the primary goal of EU development policy. This thesis will analyse firstly the evolution of EU development policy since the Treaty of Rome, in order to understand the broad context in which PCD emerged; secondly, I will try to explain how and why PCD emerged, how it has been defined, who are the actors, both within the EU and at a multilateral level, that committed to the principle, what are the specific policy instruments that they adopt to implement it and also how it is assessed the level of coherence achieved, in order to understand whether the European Union does successfully promote and apply the principle in its development policy; and finally, I will analyse the Economic Partnership Agreements (EPAs) as a case study for determining whether the EU successfully translated its commitments towards PCD into practice in its relations with the ACP countries, fostering their development through trade policy.

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L'Unione Europea (UE) ha operato, fin dalla creazione della Comunità Economica Europea con il Trattato di Roma nel 1957, nell'ambito della cooperazione per lo sviluppo dei paesi in via di sviluppo, in modo particolare con le ex colonie degli Stati Membri dell'Unione, il gruppo degli stati dell'Africa, dei Caraibi e del Pacifico. Nonostante il principio di Coerenza delle politiche a favore dello sviluppo emerse dal lavoro dell'Organizzazione per la Cooperazione e lo Sviluppo Economico e venne integrato nell'agenda politica dell'Unione Europea nei primi anni '90, fu solo verso la metà degli anni 2000 che divenne l'obiettivo primario della politica di sviluppo dell'UE. Questo elaborato mira ad analizzare, in primo luogo, l'evoluzione della politica di sviluppo dell'Unione Europea a partire dal Trattato di

Roma, in modo da delineare il contesto generale in cui il principio di Coerenza delle politiche a favore dello sviluppo venne adottato ed inscritto nei trattati dell'Unione. In secondo luogo, si cercherà di spiegare in che modo e il perché questo principio emerse, come è stato definito, chi sono gli attori, sia a livello europeo, sia a livello internazionale, che si impegnano a promuoverlo, e quali sono gli specifici strumenti politici che adottano per metterlo in pratica. Verranno analizzati quali sono i metodi di analisi dei risultati e valutazione delle politiche europee nei paesi in via di sviluppo, alla luce del principio di Coerenza delle politiche a favore dello sviluppo, e quali ostacoli questo implica. L'obiettivo è quello di capire se, e fino a che punto, l'Unione Europea è in grado di ridurre le contraddizioni e creare sinergie tra le diverse politiche, in modo tale da migliorare l'efficacia della cooperazione allo sviluppo. Verranno infine analizzati, come caso studio, gli Accordi di Partenariato Economico tra l'UE e il gruppo degli stati dell'Africa, dei Caraibi e del Pacifico, in riferimento al nesso tra sviluppo e libero commercio, come esempio di applicazione del principio di Coerenza tra la politica di sviluppo e la politica commerciale dell'Unione Europa.

Il primo capitolo si focalizzerà sull'analisi dei trattati che hanno regolato le relazioni tra l'Unione Europea e il gruppo degli stati dell'Africa, dei Caraibi e del Pacifico: a partire dal Trattato di Roma del 1957, verranno poi analizzate le Convenzioni di Yaoundé del 1963 (Yaoundé I) e 1969 (Yaoundé II), le quattro Convenzioni di Lomé, rispettivamente del 1975, 1980, 1985, e 1990, e infine l'Accordo di Cotonou del 2000. Verrà in questo modo delineato il contesto storico in cui si è evoluta la cooperazione per lo sviluppo dell'Unione Europea nei confronti del gruppo degli stati dell'Africa, dei Caraibi e del Pacifico. In particolare, si presterà attenzione agli anni '90 e 2000, in cui l'emergere di una crescente interdipendenza di temi e questioni legati alla globalizzazione portò a una ridefinizione del concetto di sviluppo, non più inteso esclusivamente in termini di crescita economica, ma inteso come un processo che coinvolge allo stesso tempo la sfera politica, economica, sociale, ed ambientale. L'agenda europea per la cooperazione allo sviluppo venne rimodellata in linea con l'agenda delle principali organizzazioni internazionali, le Nazioni Unite, l'Organizzazione per la Cooperazione e lo Sviluppo Economico, e l'Organizzazione Mondiale del Commercio. La cooperazione allo sviluppo divenne uno dei principali obiettivi della comunità internazionale, in particolare promuovendo il rispetto dei diritti umani, la diffusione di valori democratici e di "good governance".

In questo contesto, emerse il principio di Coerenza delle politiche a favore dello sviluppo, con l'obiettivo di migliorare l'efficacia delle politiche di sviluppo. L'Unione Europea introdusse per la prima volta il principio con il Trattato di Maastricht nel 1992 all'Articolo 130v del Trattato sull'Unione Europea, e, successivamente alle modifiche apportate dal Trattato di Lisbona del 2009, inserito nel Trattato sul Funzionamento dell'Unione Europea all'Articolo 208. Il principio di Coerenza fu introdotto in risposta alla necessità di affrontare temi e questioni sempre più interconnessi a livello globale, e di trovare soluzioni coerenti con gli obiettivi di sviluppo dei paesi in via di sviluppo. In tal modo, venne riconosciuto il fatto che lo sviluppo non è determinato esclusivamente dalla crescita economica e dall'assistenza finanziaria, ma che è ugualmente influenzato da altre politiche, legate al commercio, allo sviluppo sociale, all'educazione, alle migrazioni, all'agricoltura, ecc.

La letteratura a riguardo non ha fornito, ad oggi, una definizione univoca del principio, e in questo elaborato si cercherà di spiegare il concetto tenendo presente varie definizioni. In particolare, ci si focalizzerà sulla promozione e applicazione del principio di Coerenza a livello europeo, facendo riferimento a una distinzione fondamentale: quella tra Coerenza orizzontale, intesa come Coerenza tra le varie politiche dell'UE che hanno un impatto sulla politica di sviluppo verso i paesi in via di sviluppo, e Coerenza verticale, ovvero Coerenza tra la politica di sviluppo dell'UE e le diverse politiche di sviluppo dei singoli Stati Membri. L'obiettivo è quello di delineare come questi due tipi di coerenza vengono promossi e applicati, e quali ostacoli comportano.

L'ultima parte di questo elaborato mira a delineare come l'Unione Europea applica il principio di Coerenza tra la politica di sviluppo e la politica commerciale, per promuovere lo sviluppo del gruppo degli stati dell'Africa, dei Caraibi e del Pacifico, storici partner commerciali dell'UE, attraverso il libero scambio commerciale. In riferimento alle Convenzioni di Yaoundé e Lomé, e all'Accordo di Cotonou analizzati nel primo capitolo, verrà definito il ruolo dell'Unione Europea nel favorire lo sviluppo di questi stati. In particolare, con l'Accordo di Cotonou del 2000, si stabilirono le negoziazioni dei futuri accordi tra Unione Europea e il gruppo di stati dell'Africa, dei Caraibi e del Pacifico: gli Accordi di Partenariato Economico prevedevano degli accordi regionali, che avrebbero regolato le relazioni e il libero scambio tra Unione Europea e gruppi regionali di stati dell'Africa, dei Caraibi e del Pacifico, mirando a favorire un'integrazione regionale e il loro

sviluppo economico. Gli Accordi di Partenariato Economico hanno, quindi, rappresentato un esempio di applicazione del principio di Coerenza, sia a livello orizzontale, tra la politica di sviluppo e la politica commerciale dell'Unione Europea, sia a livello verticale, tra i vari attori coinvolti (tra l'UE e il gruppo di stati dell'Africa; tra l'UE e gli Stati Membri, dei Caraibi e del Pacifico; e tra le istituzioni dell'Unione, in particolare tra le due Direzioni Generali della Commissione responsabili della politica di sviluppo e quella commerciale). La complessità della struttura istituzionale dell'Unione Europea, e la molteplicità e varietà di interessi politici ed economici sono la causa della difficoltà nell'applicare con successo il principio di Coerenza da parte dell'Unione Europea, nonostante questo rappresenti un fondamentale passo verso una più efficace cooperazione allo sviluppo.

LIST OF ABBREVIATIONS

ACP	African Caribbean and Pacific
AfT	Aid for Trade
CAP	Common Agricultural Policy
CARIFORUM	Caribbean region
CET	Common External Tariff
CFSP	Common Foreign and Security Policy
CODEV	Working Party on Development Cooperation
CONCORD	Confederation for Relief and Development
COREPER	Committee of Permanent Representatives
DAC	Development Assistance Committee
DDA	Doha Development Agenda
DEVE	Development Committee
DG	Directorate General
DG DEVCO	Directorate General for International cooperation and development
EAMA	Associated African States and Madagascar
EBA	Everything But Arms agreement
EC	European Community
ECDPM	European Centre for Development Policy Management
ECHO	European Community Humanitarian Office
EDF	European Development Fund
EEAS	European External Action Service
EEC	European Economic Community
EP	European Parliament
EPAs	Economic Partnership Agreements
EU	European Union
FAC	Foreign Affairs Council
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
GSP+	Special Initiative Arrangement for Sustainable Development and Good Governance

HR	High Representative for Foreign Affairs and Security Policy
IA	Impact Assessment
IDGs	International Development Goals
IMF	International Monetary Fund
ISC	Inter-Service Consultations
JHI	Justice and Home affairs
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MFN	Most-Favoured Nation
NGOs	Non Governmental Organizations
OCTs	Overseas Countries and Territories
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PCD	Policy Coherence for Development
PCSD	Policy Coherence for Sustainable Development
SAPs	Structural Adjustment Programmes
SCR	Service Commun Relex
SDGs	Sustainable Development Goals
STABEX	System of Stabilization of Exports
SYSMIN	Stabilisation Scheme for Mineral Products
TFEU	Treaty on the Functioning of the European Union
TEU	Treaty on the European Union
UNCTAD	United Nations Conference on Trade and Development
UN	United Nations
WB	World Bank
WTO	World Trade Organization

CONTENTS

INTRODUCTION

The challenges brought about by the globalization in the last decades, have placed cooperation at the heart of the European policy agenda. Cooperation is not only necessary among the Member States, but also at a broader global level, with non-EU countries. In this regard, the European Union has focused, since the establishment of the European Economic Community with the Treaty of Rome in 1957, on cooperation with developing countries, in particular with the former colonies of its Member States. Relations with developing countries have been developing through partnerships, conventions and aid assistance, delivered through the creation of the European Development Fund and, later, through other financial and economic instruments. Development policy has acquired increasing importance and, nowadays, according to the European Commission, the EU provides 50% of the overall global development aid, being therefore collectively the world's leading donor.

The EU treaties provide the legal basis for EU action in the designing and implementation of development policies, and the European Consensus for Development commits the EU institutions and Member States to a shared vision of action. But the sustainable development of developing countries does not depend exclusively on domestic stabilizing or destabilizing forces and by external aid: global interdependence raises also "beyond aid" issues, such as trade, migration, investment, climate change, security and technology. It is in this sense that the EU has committed itself to take account of objectives of development cooperation while adopting its policies that are likely to affect developing countries.

The European Union claims to have a leading international role in pursuing developmental objectives and sustaining developing countries, but its Development Policy has been often criticized and questioned for effectively delivering aid or rather pursuing its own economic interests, subjugating developing countries to a sort of neo-colonial dependency.

At the end of the 1990s, the neoliberal approach that rested on the market-based "*Washington Consensus*" and that dominated the development theory throughout the 1980s and early 1990s (Fine, 2001), entered in crisis, and was replaced by the so-called "*Post-Washington Consensus*". According to Joseph Stiglitz, who coined the term, it has become

evident that the previous set of policies adopted to achieve successful growth all over the world, and focusing on privatization, liberalization, macro-stability and the absolute predominance of the role of the market (Williamson, 1990), have resulted to be incomplete and insufficient (Stiglitz, 1998). Instead, a new tendency was emerging, giving more importance to the effects of market failures. In this sense, the "*Post Washington Consensus*" differs from its predecessor in considering the state and in general non-market institutions as having a fundamental role in addressing and adjusting market failures, and thus enhancing development growth (Fine, 2001).

Therefore, in the development theory, governance acquired more relevance: since the 1980s, it became more and more recognized that development cannot be successful in absence of determined political conditions, that at the time corresponded to the neoliberal policies (Leftwich, 2000; Smith, 2007). "*Good governance*" became the main conditionality factor on which aid assistance was delivered from the part of aid agencies to developing countries (Smith, 2007). Also the European Union applied the principle, allocating aid funds to the group of the African Carabbean and Pacific (ACP) countries on the basis of the level of good governance and the capacity to reform the political system according to the market-based neoliberal approach (Hout, 2010).

While development cooperation has been present since the Treaty of Rome, under Art. 131-136, Part IV, it was only conceived in the form of "*associationism*". Under those articles, the EU committed to form an "*association of the overseas countries and territories in order to increase trade and to promote jointly economic and social development*" (Art. 3(k), Treaty of Rome, 1957). Those countries and territories were mainly the African countries, with whom, being their former colonies, the EU Member States enjoyed special relations (Art. 131, Treaty of Rome, 1957), regulated first by the Yoaundé Convention of 1963, and later by the Lomé Convention of 1975 (Hoebink, 2005a). It was only from the 1990s that the EU development cooperation faced important reforms and evolutions, also due to the impact of globalisation and the effects of structural changes within the European Union itself (Hoebink, 2010).

If at the beginning aid was conceived merely in terms of financial flows to developing countries, defined as Official Development Assistance (ODA) by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), the interdependence among the policies of the Union revealed

even more that it was not enough to provide aid funds in the pursuit of the goal of reducing or eradicating poverty worldwide. In the 1990s, and in particular following the Treaty of Maastricht of 1992, it emerged the necessity to provide more coordination among EU policies.

In 2000, the Lomé Conventions were replaced and renewed by the Cotonou Agreement, a more comprehensive trade and aid agreement between the EU and ACP countries, meant to last for a 20-year period. In the same year, the EU committed itself to the Millennium Development Goals for 2015 at the United Nations Summit held in New York. The mid-2000s were characterized by a series of events that made development cooperation policy more and more at the top of the EU agenda, and that made the EU institutions and Member States even more committed to the improvement of the effectiveness of cooperation for development: the Paris Declaration, adopted by the OECD, was signed in 2005 and gave specific measures to improve the quality of aid effectiveness and established also a system for monitoring the progress of donor's development efforts. At the EU level, the Consensus on Development (2006) was signed by the Presidents of the Commission, the Parliament and the Council and outlined for the first time the common principles on which the institutions and the Member States would have based their development policies in a spirit of complementarity (Orbie, 2016). Moreover, the Treaty of Lisbon of 2009 legally recognized and defined the concept of Policy Coherence for Development.

The fact that global interdependence raises also "beyond aid" issues, such as trade, migration, investment, climate change, security and technology, led the EU to commit itself to take account of objectives of development cooperation while adopting its policies that are likely to affect developing countries. The EU institutions, along with the OECD, are today working in order to implement Policy Coherence for Development, intended as the general concept that non-aid policies of donor countries have an impact on developing countries and should therefore take account the latter's needs[1]. The concept is today enshrined in the Treaty on the Functioning of the European Union (TFEU) at Art. 208(1), and has become one of the priorities of the EU in its efforts to eradicate poverty and foster development. The Article states that "*Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of*

[1] European Commission, Policy Coherence for Development, European Commission official web page: https://ec.europa.eu/europeaid/policies/policy-coherence-development_en.

the objectives of development cooperation in the policies that it implements which are likely to affect developing countries" (Part V, Title III, Art. 208(1), TFEU).

Starting from an overview of the general development policy of the European Union, the aim of this study is then to analyse and illustrate how Policy Coherence for Development emerged throughout the EU history, from the Maastricht Treaty, to the European Consensus on Development and the Treaty of Lisbon, and how it has been defined.

Policy Coherence for Development (PCD) will be the main focus of the thesis: I will try to illustrate how policy formulation is conducted in compliance with this principle at EU level and how and with what procedures and instruments its institutions cooperate in order to promote PCD. The EU institutions, and especially the European Commission, are all committed to PCD, and recognize that it is the result of political commitment, coordination mechanisms, and monitoring and analysis systems integrated in policy formulation processes (OECD, 1996). The analysis of the institutional instruments and mechanisms adopted at EU level will explain how they translate these commitments into political practice and to what extent does the EU promote PCD in its policy formulation process.

New challenges emerged in the course of the 21st century, and the global economies have become so interconnected, that call for increasing integrated cooperation mechanisms (Carbone, 2008). Sustainable development itself regards a multiplicity of issues related to each other, making the OECD and the EU greatly understand the importance of non-aid policies, such as trade, fisheries, migration, agriculture, energy, for the economic growth of developing countries (ECDPM, 2012; Carbone, 2009). Even though there has been an increasing attention to Policy Coherence in the EU development policy, a certain level of incoherence is unavoidable, due to the complexity of the EU policy system and to the vast array of issues to be taken into account (Carbone, 2008; May, 2006).

After having analysed the concept of Policy Coherence for Development at the EU and multilateral level, taking into account the origins, the definitions and the instruments adopted in compliance with it, I will try to understand whether PCD does actually respond to developmental issues and contributes to the effectiveness of the EU development cooperation. I will take one of the policies of the EU, the trade policy, as an example of application of PCD. International trade, disciplined by the World Trade Organization (WTO) is a fundamental part of development. The majority of WTO members are developing countries, and, therefore, it is assumed that the development concerns within the organization are about

enhancing the effectiveness of trade agreements with those countries, as well as enhancing the benefits derived from international trade, for both developed and developing countries (Ismail, 2005). In this perspective, the WTO launched in 2001 the Doha Development Round on trade negotiations among its membership[2]: the Doha Development Agenda included measures to further liberalize international trade and improve developing countries' access to international markets. Furthermore, in December 2005, the WTO held in Hong Kong a Ministerial Conference, that ended up with the adoption of the Aid for Trade initiative that has the aim of improving the positive impacts of WTO agreements for developing countries.

The EU is engaged in the WTO trade agreements, that are a key instrument for development. The strict link between trade and development can be made a case in point in applying PCD in the EU development policy making process. A specific case of application of PCD in trade and development policy are the Economic Partnership Agreements (EPAs) between the EU and regional blocs of the ACP countries. The negotiating process dates back the already mentioned Cotonou Agreement, that granted ACP countries a preferential access to the EU market. The EPAs intended to continue the economic partnership between the regional blocs, but in an effort to comply with WTO rules. The agreements included the reduction and elimination of tariff and non-tariff barriers, that would eventually produce regional free-trade areas. However, it is claimed that the EPAs, instead of producing overall benefits for the partners, are actually incoherent with the EU's development policy.

The question that I am going to answer in this final part is whether, and eventually to what extent, the EU maintained its commitments towards Policy Coherence for Development in the negotiation of the EPAs, and therefore whether the EPAs can actually be considered an example of application of the PCD principle, or rather the EU's economic interests prevailed, at the expense of ACP countries.

My thesis will be structured into three main parts, with the first Chapter being more general and the third and last Chapter being more specific. The first Chapter will provide an historical background of the evolution of the EU development cooperation policy. I will start from the Treaty of Rome of 1957 to explain how development and aid were understood and delivered, and how the neoliberal policies of the Washington Consensus affected the external relations of the EU. The 1990s marked a shift in the development thinking, giving a renewed role to the state and the institutional system, to the point that the term Post-Washington

[2] World Trade Organization, The Doha Development Round, WTO official web page: https://www.wto.org/english/tratop_e/dda_e/dda_e.htm.

Consensus was coined. The final part of the Chapter will regard the turning of the 21st century, and the challenges and the increasing attention on coherence among the policies of the Union it brought with it, to conclude with the Treaty of Lisbon that signalled the inclusion of the concept of Policy Coherence for Development.

The second Chapter will be focused entirely on Policy Coherence for Development, and will be the heart of my study: I will try to explain how and why it emerged, how it has been defined, and which issues it tries to address. It is important to analyse who are the actors, both within the EU and at a multilateral level, that committed to the principle, and what are the specific policy instruments that they adopt to implement it and also how it is assessed the level of coherence achieved. The main question I will try to answer throughout my thesis is whether the European Union does successfully promote and apply policy coherence in its development policy and which obstacles it encounters.

Since international trade has always been seen as an essential part for the economic growth and development of countries, the third and last Chapter will therefore explain the link that exist between trade and development policies, taking into account the role and the work of the WTO on the issue. In particular, I will take the example of the Economic Partnership Agreements between the EU and the ACP countries, with a reference of the previously analysed relations between the EU and ACP countries under the Yaoundé (1963) and Lomé (1975) Conventions, and the Cotonou Agreement (2000), to analyse whether the EU during the negotiations did actually embrace its commitments to foster the free trade and the economic development of ACP countries through the adherence to PCD principle, or rather it simply pursued its own economic interests without taking into account the effects its policy would produce on its partners.

1 EU DEVELOPMENT POLICY

1.1 THE ORIGINS OF EU DEVELOPMENT POLICY: FROM THE TREATY OF ROME TO THE YAOUNDE' CONVENTIONS

The European Union is a global player in international affairs, speaking with one voice for all its 28 Member States. It is a fundamental actor in fostering the development of the Third World: as a matter of fact, its development policy exists since the foundation of the European Community after the end of the Second World War. Since its establishment with the Treaty of Rome, development cooperation towards developing countries has been a process under constant change.

After the war, a European development policy was not really on the minds of the six founding Members (Holland and Doidge, 2012), but they shared the idea of maintaining the economic ties with their former colonies, that had always been the provider of raw materials for economic development in Europe, and overseas markets for the exports of their manufactured goods. Colonial possession of the Member states were essentially represented by the African states, the majority of which were possessed by France. In order to maintain a certain degree of control and especially the beneficial relationship they enjoyed before the independence of African states, the aim was to create a free-trade area between the European Economic Community (EEC) and Africa, that would have granted reciprocal trade access to the respective markets (Holland and Doidge, 2012). In the aftermath of the Second World War, the continuation of an imperial dominance was not feasible anymore, and a new type of relationship was found in the form of Associationism (Grilli, 1993). West-European states were willing to maintain the link with their former empires, because they represented a fundamental pool of resources necessary for the reconstruction of the European societies devastated by the war.

Associationism dated back the French Constitution of 1946, when France determined special links with its colonies that established rights and obligations for both France and its associated states (Grilli, 1993). For this reason, while the negotiations for the establishment of the European Community started in 1956, France insisted to preserve the association in order to ensure access to the exports from its former colonies (Grilli,

1993). After some opposition from Germany and the Netherlands, the association was included in Part IV of the Treaty of Rome.

The Treaty of Rome was signed on 25th March 1957 and it established the European Economic Community, integrating through trade the economies of the six founding Member States (Belgium, Luxemburg, France, Germany, Italy and the Netherlands) in a common market[3]. The aim of the European Community was not only the fostering of the internal common market, but also that of establishing external relations with third countries, becoming a global power and improving the economic development of the underdeveloped states. In order to maintain the relationship with the former colonies in Africa, Article 3(k) of the Treaty of Rome provided for the establishment of *"the association of the overseas countries and territories in order to increase trade and to promote jointly economic and social development"* (Part I, Principles, Art. 3(k), Treaty of Rome 1957; Holland and Doidge, 2012). Moreover, Article 131 stated that the purpose of the EEC was "*to promote the economic and social development of the countries and territories and to establish close relations between them and the Community as a whole*" (Title IV, Part IV, Art. 131, Treaty of Rome 1957).

The agreement ensured two main objectives: on the one hand, it aimed at granting the same conditions of market access to both the member states and to the colonial dependencies in their respective markets (Holland, 2002). The access conditions included the gradual abolition of custom duties, the rights of investments from either side, creating a free trade area. On the other hand, the Treaty established the aid assistance from the Community to the associated countries and territories (Grilli, 1993) through the European Development Fund (EDF), which is still nowadays one of the main instruments of EU development aid[4]. The EDF was established in 1958 and it born as a geographical financial instrument that should have provided for aid in overseas territories that had historical ties with the Member states. The EDF was at the time financed by direct contributions of the Member States, with France and Germany each providing one third (Holland and Doidge, 2012). The EDF was born therefore with the aim of providing financial and technical assistance with a geographical focus, the Overseas Countries and

[3] The Treaty of Rome, https://ec.europa.eu/romania/sites/romania/files/tratatul_de_la_roma.pdf.
[4] European Commission, European Development Fund, European Commission official web page: https://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments/european-development-fund_en.

Territories (OCTs), identified in 25 non-European countries and territories with historical links to the founding members. The financial and technical assistance was meant to complement the already existing bilateral aid flows from each member state to its own dependencies.

The Treaty of Rome formed a free trade area, in which trade preferences were granted to the associates, a fact that violated the principle of non-discrimination in trade of the General Agreement on Tariffs and Trade (GATT), of which all the EC members were part. Trade preferences established by the Treaty of Rome were de facto discriminatory against non-signatory countries, that were GATT members (Grilli, 1993).

The advanced Western economies of the European Community viewed the problem of development in the developing countries as a lack of industrialization and a lack of self-sustaining capitalist-oriented markets (Holland and Doidge, 2015). The European development policy was, at its origins, conceived under what has been called the "*Modernisation theory*", that implied an economic and social process of modernization following the example of the developed European countries (Holland and Doidge, 2015).

Under the Treaty of Rome, development policy was indeed conceived in the form of Associationism and defined in terms of "*economic, social and cultural development*" (Title IV, Part IV, Art. 131, Treaty of Rome 1957; Holland and Doidge, 2015). In order to support the economic growth and industrialisation of developing countries, capital needed to flow through investments and financial aid: the Treaty of Rome responded to these two necessities by establishing a free trade area between the EEC and the associated countries and territories and by establishing the European Development Fund. Financial flows from EU donor countries to the developing countries, aiming at promoting their development and economic growth, have been defined as Official Development Assistance (ODA) by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD, 2018). EU countries provide part of their ODA through the EDF (European Parliament, 2014).

The association established by the Treaty of Rome provided for a gradual reduction of duties and quantitative restrictions both internally, within the EEC, and externally, between the EEC and the Overseas Countries and Territories, and the latter, in turn, had to open up their markets for EEC imports (Bartels, 2007). Reciprocity was thus

at the basis of the relationship between the European Community and the associates, and it was in some ways imposed by the EEC.

However, things were soon to be changed: in the early 1960s, most of the African countries gained independence, and this raised the issue of maintaining the relationship covered by Part IV of the Treaty of Rome. The political independence did not mean also economic independence from the European market, though (Grilli, 1993). Many of the newly independent states did not want to end the trade preferences and the aid from the EEC granted by the Treaty of Rome, but on the other side the independence process raised the necessity to officialise the treaty provisions into a mutually agreed trade regime. The willingness to continue the cooperation with the European Community and the necessity to pursue and preserve their own national affairs brought to the signing of an agreement of mutual respect, cooperation and non-interference between 18 associated and newly independent francophone African states (Bartels, 2007): the Associated African States and Madagascar was formed (EAMA in the French acronym).

The Associated African States and Madagascar and the EC signed the first Yaoundé Convention in 1963, based on the recognition of the national sovereignty of the signatory countries (Holland, 2002). Continuity with Part IV of the Treaty of Rome was maintained with further trade facilitations (Bartels, 2007): the same right of free access to the respective markets was guaranteed, and EC aid kept flowing at bilateral and multilateral level (Grilli, 1993).

However, Yaoundé I introduced also new important elements. First of all, on the contrary to the previous association of the Treaty of Rome, it was a mutually negotiated trade agreement that established a multilateral framework (Holland, 2002). Secondly, it created joint institutions: the Association Council, the Parliamentary Conference with advisory tasks, and the Court of Arbitration to act as final arbiter (Holland, 2002).

In 1969, the second Yaoundé Convention was signed, following the inclusion of other African states. These trade agreements were adopted with the aim of liberalize trade on a reciprocal basis: as a matter of fact, even though some steps have been taken forward, the relationship between the EC and the Associated countries continued to be based on the principle of reciprocity, according to which the two groupings had to offer reciprocal special trade preferences.

1.2 THE LOME' CONVENTIONS

The first shift towards a more global development approach occurred in 1971, when the Generalized System of Preferences (GSP) was introduced, thus abandoning the reciprocity principle and allowing other developing countries European market access (Holland and Doidge, 2012).

Yaoundé II expiry date was set up in 1975, a period characterized by some important changes within the European Community. In 1973 the first enlargement of the Community took place, with the accession of the UK, Ireland and Denmark: the entry of the UK challenged the composition of the Community and also the provisions of the Convention, since it implied the necessity of taking into account the relationship between the UK and the Commonwealth developing countries (Holland, 2002). This relationship was of a quite different type in comparison with that between France and its former colonies: the former had been envisaged more as a partnership-based relationship, whereas the latter was rather conditioned by the French effort to maintain a sort of colonial dependency (Holland, 2002). The UK's demand to protect its links with Commonwealth developing countries implied the extension of the Convention to Carabbean and Pacific states (Holland, 2002).

Even though the European Commission played an important role in clarifying the nature of the future agreement, the oppositions among the nine member states were still strong (Holland and Doidge, 2012). On the contrary, the developing countries were able to align their interests and create a new international actor that, since that time on, would speak with one voice for all: the African, Pacific and Carabbean (ACP) countries thus replaced the Associated African States and Madagascar (EAMA) (Holland and Doidge, 2012).

The newly forged alliance between the EAMA and the African Carabbean and Pacific states required the transformation of the Yaoundé Convention, that resulted in the Lomé I Convention, signed the 28 February 1975 in the capital of Togo, by the nine EC member states and 46 developing countries (that during the five-year duration of the agreement rose to 53) (Holland, 2002). Lomé I did not simply involve an extension of the geographical scope of Yaoundé, but it required some fundamental innovations that made it to be considered as the first meaningful and equitable North-South relations and as a reference point for a future development cooperation framework.

As a matter of fact, the preamble of the Convention stated that the signatories would be committed "*to establish, on the basis of complete equality between partners, close and continuing cooperation in a spirit of international solidarity and to seek a more just and more balanced economic order*". The basic characteristic of the Convention was therefore the equality among partners, establishing non-reciprocal and contractual trade relations: the right of each state to pursue its own development strategy was affirmed, meaning thus that political conditionality was not yet imposed on aid assistance (Holland and Doidge, 2015).

Another innovation with respect to Yaoundé was the creation of a system of stabilization of exports, called STABEX: this system allowed the ACP countries to cover price fluctuations or production shortfalls for determined agricultural products exported to the EC (Holland, 2002). The EC guaranteed a compensation for losses caused by price fluctuations. However, the system soon became a victim of its own success, since the requests for export compensations exceeded the available funds (Holland, 2002).

Lomé II did not bring any major innovations, apart from the introduction of the Stabilisation Scheme for Mineral Products (SYSMIN), working on the same principles as STABEX but for mineral exports (Holland and Doidge, 2015). The institutional structure put in place under the Yaoundé Conventions remained, even though Lomé enhanced the focus on the partnership-type of relationship it aimed at establishing. The principal institutions therefore remained three: the ACP-EC Council of Ministers, the Committee of Ambassadors, and the Joint Consultative Assembly.

Despite the fact that Lomé I introduced important changes in comparison with its predecessor, it basically did not advance in practice the export regimes built under Yaoundé II, as it claimed to do. In pursuing the objective of promoting trade, the Lomé Convention I focused on the opening of the market access for the agricultural exports of the ACP states to the EC, that came to represent the 90-95% of their total exports (Grilli, 1993), without any condition of reciprocal treatment. However, according to a report by the European Parliament (Focke, 1980), the beneficial effects expected by the EC did not actually reflected the reality. The report showed that, even though Lomé I represented a point of departure for a future EC-ACP development cooperation, the overall imbalance in trade between the two sets of countries was still deep (Focke, 1980). Moreover, less attention had been given to the development of the industrial cooperation with the ACP

countries (Grilli, 1993). More than financing industrial projects or transferring technology and capital, the EC kept providing financial assistance and aid through the European Development Fund, also under Lomé I (Grilli, 1993).

The two oil crisis of the 1970s and the resultant global recession marked dramatically the economies of the countries of the South and consequently provoked changes in the way the EC pursued its development cooperation policy. As a matter of fact, Europe began to rely on international institutions, such as the International Monetary Fund (IMF) and the World Bank, for the delivery of financial assistance to the increasingly indebted developing countries (Grilli, 1993).

Lomé III entered into force in 1985, and its purpose extended "*to promote and expedite the economic, cultural and social development of the ACP states and consolidate and diversify relations in a spirit of solidarity and mutual trust*" (Art. 1). The limited progresses made with Lomé I and II and the consequent increasing awareness of the fact that economic growth was not enough to provide development, turned the attention to other issues at regional level, such as health, nutrition, the environment and so on (Holland, 2002). However, the development framework built with the previous two conventions did not alter significantly in practice.

What emerged in the 1980s, though, and that influenced the following development policy of the EC, was the principle of conditionality: following the serious debt crisis that decreased the bargaining power of the ACP, the developing countries' domestic policies became to be subjected to the Community's and the international financial institutions' control. The delivery of financial assistance became to be conditioned to Structural Adjustment Programmes (SAPs) (Grilli, 1993). Adjustment was supported by the international Bretton Woods institutions, the International Monetary Fund (IMF) and the World Bank, and, as the Commission stated, became "*the daily bread of the vast majority of the countries of Africa, a sine qua non of their dialogue with the outside world*" (Brown, 2004).

Lomé IV, signed in 1989, was, unlike its predecessors, an agreement meant to last for a longer period of ten years, including a mid-term financial review (Holland, 2002). Article 3 of the Convention stated that "*the ACP shall determine the development principles, strategies and models for their economies and societies in all sovereignty*" (Part I, Chapter I, Art. 3, Lomé IV, 1989); but in concrete, the political and economic

conditionality remained at the basis of Europe's development aid, since Article 243 defined that structural adjustments should be "*economically viable and socially and politically bearable*" and that should be "*take place within the framework of the political and economic model of the ACP state concerned*" (Title III, Chapter 2, Section 3, Art. 243-244, Lomé IV, 1989). The Commission, therefore, considered adjustment as unavoidable, but at the same time it tried to soften the terms and distance itself from the imposition of conditionality, and pursuing it in cooperation with the ACP (Brown, 2004).

In reality, however, the Community worked in close cooperation with the Bretton Woods institutions (Brown, 2004). As we will analyse further in the following chapter, the adjustment programmes demanded by the IMF, World Bank and the European Community demonstrated the effort to promote a new economic order that emerged in the 1980s in the developed countries, the so-called Neo-liberalism. The structural adjustments were based on trade liberalization and privatization, and the freeing of prices from state-led actions (Brown, 2004). Moreover, political conditionality was introduced, along with economic conditionality. As a matter of fact, the receipt of aid became conditioned also on a set of factors, that fall under the concepts of "*good governance*", "*human rights*", and "*democracy*" (Brown, 2004).

The 1980s and, then, also the 1990s have thus marked a shift in the aid and development cooperation agenda with respect to the 1970s, when it was widely recognized by the countries of the North that aid should be provided in accordance with southern states' sovereignty (Frisch, D. and J.-C. Boidin, 1998). Furthermore, with the turning of the 1990s, the end of the Cold War contributed to challenging the development regime established with the previous Lomé Conventions, since the European Community became more concerned with funding projects destined to its neighbouring countries of Eastern and Central Europe (Holland, 2002). The mid-term review ended with the signing of a renewed agreement by 70 ACP states in 1995 (Holland, 2002), reflecting the objectives and provisions established with the Maastricht Treaty of 1992 and the changing international and globalized context, that were putting more and more emphasis of the transformation of the developing countries into global market economies. (Goldin and Reinert, 2012).

This first phase of the new development cooperation policy between the two sets of countries – the European Community and the ACP – represented an overall significant

step forward, and marked a distance from the previous period characterized by the permanence of a sort of neo-colonial ties (Holland, 2002). Starting from associationism with the Treaty of Rome, it reflected the efforts of the European Community in becoming a major international actor: associationism responded to the historical dependency that dated back the former European colonial empires and it was conceived as a way to maintain the relations with developing countries. With the Yaoundé Conventions and much more with the Lomé Conventions, the EC tried to advance a more partnership-based approach, also due to the enlargement of the geographical scope, following the inclusion of an increasing number of developing countries in the Conventions. The 1970s marked therefore a shift, and the Lomé Convention introduced a new development cooperation framework.

However, during the long lifetime of Lomé, little progress was made in terms of aid flows and effective reduction of poverty in the ACP countries. In the 1980s and 1990s, the EC oriented its development policy goals towards the inclusion of the ACP into the world economy. The spreading of the policies of Neo-liberalism was considered as the only way for achieving economic growth and, thus, the EC introduced the conditionality principle based both on the adoption of the Structural Adjustment Programmes elaborated by the Bretton Woods institutions, and aiming at implementing economic reforms, and on the evaluation of political performance in the developing countries according to the western democratic values of good governance and human rights.

1.3 FROM THE WASHINGTON CONSENSUS TO THE POST WASHINGTON CONSENSUS

During the end of the 1970s and through the 1980s, a new economic, political and social ideology was gaining currency in the Western democracies, that took the name of Neo-liberalism. One of the main theoretician of this new school of thought, David Harvey, defined Neo-liberalism as follows: «*Neo-liberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free market and free trade*». (Harvey, 2005). Neo-liberalism had its ideological roots in liberalism and in its fundamental ideals, namely individual freedom and the free market, but also opposed to the belief in an interventionist

state (Harvey, 2005). Friedrich von Hayek, another founding father of the neo-liberal thought, affirmed that only a market that was completely free would be able to function, driven only by the force of competition, and, therefore, requiring a limitation of the role of the state, in order to let the market work by itself.

The 1980s marked the period in which the neo-liberal reforms started to be implemented all over the Western countries, starting from the U.S. under President Reagan, and the U.K. under Thatcher. It was believed that the process towards the establishment of a neo-liberal state was the only possible way to achieve economic development and enter the competitive capitalist and globalized market. The neo-liberal policies included: fiscal and monetary austerity, elimination of government subsidies, moderate taxation, freeing of interest rates, lowering of exchange rates, liberalisation of foreign trade, privatisation, deregulation, non-interference of governments and encouragement of foreign direct investment (Fine, 2001). Since these type of measures proved to be effective in the developed countries of the West, they started to be thought as the solution to the global debt crisis that followed the oil crisis of the 1970s, and that hit heavily the developing countries.

The international institutions engaged in the developing world, in particular, the IMF and the World Bank, began to apply the new paradigm to their programmes for the countries of the South in need of development assistance to recover from the debt crisis. Mexico and Brazil defaulted in 1982, followed by the other Latin American countries during the 1980s (Holland and Doidge, 2015), and loans and grants from the IMF and the World Bank began to be allocated on the basis of the adoption of neo-liberal policies, according to the principle of conditionality.

In the late 1980s, the term Washington Consensus indicated therefore those policies, based on the neo-liberal paradigm and promoted by the Washington-based institutions, that were supposed to lead the developing countries out of the crisis and towards their economic development path. The developing countries had no other options than to accept the conditions established by the IMF and the World Bank: the Structural Adjustment Programmes (SAPs) were designed by the international institutions for the implementation of the new policy framework, that soon became a standard package of reforms that would have fostered the free market by removing the barriers to it (Holland and Doidge, 2015).

Nevertheless, the European Community was still committed to the principles and provisions enshrined in the Lomé Conventions, and in particular Lomé IV, signed in 1985.

The focus on a partnership among equally sovereign states was in contrast with the new development policy framework advanced by the Washington Consensus. The Forth Lomé Convention was again an attempt by the Community to establish its own development approach (Holland and Doidge, 2015); but the spread of Neo-liberalism brought the Community to recognize the necessity to conform with the IMF and World Bank policies and cooperate in order to deliver effective economic development (Holland and Doidge, 2015). Although the commitment to guaranteeing the sovereignty of developing countries, economic assistance became increasingly subject to the adoption by ACP states of the programmes of structural adjustment designed by the international organizations (Brown, 2002).

The new development agenda included the extension of a neo-liberal order towards the developing world (Brown, 2002) through the Structural Adjustment Programmes, as determined by the Arts. 243-250 of Lomé IV. Within the Community, the UK was the country that was pushing more for the conformity of the Community to the Washington Consensus.

The Council resolution of 31 May 1988 on the "*economic situation and adjustment process in sub-Saharan Africa*" and the resolution of 16 May 1989 on "*coordination in support of structural adjustment*" provided the provisions for a closer cooperation among the Member states and the Community, and also between the Community and the Bretton Woods institutions (Brown, 2004; Council of Ministers, 1988).

With the neo-liberal turn, development was seen in terms of an increased ability to compete in a global and interconnected free market, and the ability to access private funding through capital markets and bank loans (Holland and Doidge, 2012). According to Williams (Williams, 1990), who coined the term, the Washington Consensus was based on the assumption that economic growth required liberalized trade, macroeconomic stability and stability of prices, and the government had to "*get out of the way*", so that private markets would be able to work efficiently and freely (Stiglitz, 1998). The neo-liberal approach to development rested on the belief that only individual and market freedoms would be able to bring growth (European Commission, 1992).

Along with this market-based neo-liberal international framework, from the late 1970s, other interpretations of development and growth started to emerge (Holland and Doidge, 2012): a renewed attention at focusing on the primary goal of the development policy, the eradication of poverty, and the respect of human rights and the values of democracy, that became indicators of good political performance (Holland and Doidge,

2012). During the 1980s, development began to be thought not only in terms of economic growth, but it started to be conceived as a social process: the World Bank recognized the fact that "*adjustment needed to go beyond the issues of public finance and that market reforms must go hand in hand with good governance*" (World Bank, 1989 ; Brown 2002). Good governance was seen as a factor that would facilitate the economic reforms of the adjustment programmes because it would guarantee more transparency and the implementation of those reforms (Brown, 2002).

Especially at the end of the 1980s and early 1990s, also following the end of the Cold War, this shift towards the conception of development, not only in economic terms, but rather in terms of good governance more generally, led the Western countries to introduce political conditionality in their development cooperation policies, based on the values of democracy and the respect of human rights. The World Bank affirmed in 1991 that "*underlying a litany of Africa's development problems is a crisis of governance*" (World Bank, 1991; Brown 2002) and that "*countries cannot expect an increased flow of foreign resources without undertaking the economic reforms necessary [...] and such economic reforms will probably not take place until the conditions for good governance are established*" (World Bank, 1994; Brown 2002). Good governance was mainly intended as fight against and reduction of corruption, enhancing political transparency, the respect of human rights such as codified by international treaties, and the promotion of democracy (Brown, 2002).

The Community's commitment to this new development agenda was represented by the Council of Ministers' resolution of 1991 entitled "*Human Rights, Democracy and Development*" (Brown, 2002; CEC-DG VIII, 1991), that highlighted the EC priority on human rights, democratization, respect for the rule of law, the support on civil society's work in development cooperation (Brown, 2002). The resolution asserted that these conditions, along with the adjustment reforms to foster the economic growth guaranteed by the free global market, would be the prerequisites for the delivery of aid assistance from donor countries to the recipient countries (Brown, 2002): "*in the event of grave or persistent human rights violations or the serious interruption of democratic processes, the Community and its member states will consider appropriate responses [...] that would include confidential or public demarches as well as changes in the content or channels of cooperation programmes and the deferment of necessary signatures or decisions in the cooperation process, or, when*

necessary, the suspension of cooperation with the States concerned" (Council of Ministers (Development) 1991b: 13; Brown 2002).

Also Art. 5 of the Lomé Convention stated that development cooperation "*entails respect for and promotion of all human rights*" and that "*development policy and cooperation are closely linked with the respect for and enjoyment of fundamental human rights*"(Part I, Chapter I, Art. 5, Lomé IV, 1989). (Brown, 2004). The attention to human rights within the Lomé provisions was reinforced with the mid-term review of the Convention, that stated that "*respect for human rights, democratic principles, and the rule of law [...] shall constitute an essential element of this Convention*" (Lomé IV-bis, 1995; Brown, 2004).

The development cooperation policy of the EC towards the ACP states became conditioned not only by economic performance, according to the Structural Adjustment Programmes, but entangled a more general process that would combine a liberal, free-market-based economy with liberal, democratic, transparent and respectful of human rights states. This reorientation of the development agenda was favoured by a set of factors, such as: the end of the Cold War; the emergence of the Asian tigers as a successful but different model of development; the increasing importance of a more comprehensive understanding of development, including education, health and infrastructures in policy objectives, focused on the role of governments and civil society; and, finally, the growing awareness that the neo-liberal receipt for development was not feasible for the developing countries and had not produced the economic benefits expected (Goldin and Reinert, 2012).

The aim of the newly development cooperation policy was not limited to economic growth, but directed towards the reduction of poverty, as witnessed by the several international conferences on the issue, organised by the United Nations (UN) and the Organization for Economic Cooperation and Development (OECD): the Rio UN Conference on Environment and Development was held in 1992, the Vienna Conference on Human Rights in 1993, the Cairo Conference on Population in 1994, the Copenhagen Conference on Social Development and the Beijing Conference on Women and Development in 1995 (Brown, 2004). Moreover, even the IMF and the World Bank progressively shifted their focus from the Structural Adjustment Programmes to the human and social dimension of development, by issuing the Poverty Reduction Strategy Papers in 1999, review papers in which it was analysed, through a series of indicators, the goals achieved in terms of poverty alleviation (Holland and Doidge, 2015).

The inadequacy of the neo-liberal Washington Consensus and the need for a renewed strategy, brought to the rethinking of development policies, to the point that the term "*Post-Washington Consensus*" was coined by Joseph Stiglitz, senior Vice President and Chief Economist of the World Bank. He claimed that the Washington Consensus policies were not complete, because the market required other factors than simple liberalization and privatization in order to work properly (Stiglitz, 1998). According to him, markets need the state and the institutions to regulate competition and to favour transparency, essential ingredients for long-term economic success (Stiglitz, 1998). The Washington Consensus was essentially based on macro-economic stability by controlling inflation, trade liberalization and privatization, and a non-interventionist state. But markets are not able to work and allocate efficiently resources only by letting them free, because there will inevitably be externalities that will produce market failures.

The emergence of the Post-Washington Consensus meant the recognition of the important role of the state in complementing the market and correcting market failures (Stiglitz, 1998). Markets are not able to function perfectly, and the market imperfections or market failures, are usually caused by externalities such as asymmetries in information and lack of transfer of technology, and justified the state intervention in correcting those failures (Stiglitz, 1998). Institutions should be considered as a counterbalancing force to the market failures, by facilitating correct information and by reducing transactions costs (Fine, 2001). Stiglitz called for financial regulation, competition policy, policies to facilitate the transfer of technology and to encourage transparency. This renewed emphasis on the role of the institutions in regulating the economic policy led to consider development as dependent also on a process of social transformation (Fine, 2001).

Moreover, with the broadening of development goals from simply economic growth in the Washington Consensus to the reduction of poverty and the improvement of living standards, including health, education and the environment, the role of the state appeared to be more relevant: "*Trying to get government better focused on the fundamentals – economic policies, basic education , health, roads, law and order, environmental protection – is a vital step. But focusing on the fundamentals is not a recipe for a minimalist government. The state has an important role to play in appropriate regulation, industrial policy, social protection and welfare. But the choice is not whether the state should or should not be involved. Instead, it is often a matter of how it gets involved. More importantly, we should not see the state and*

markets as substitutes [...] the government should see itself as a complement to markets, undertaking those actions that make markets fulfil their functions better" (Stiglitz, 1998).

Development could not be still seen as merely a technical problem requiring economic reforms, and as the perfect allocation of resources by the market, but it was necessary to take into account the broader context: "*We seek increases in living standards – including improved health and education – not just increases in measured GDP. We seek sustainable development, which includes preserving natural resources and maintaining a healthy environment. We seek equitable development, which ensures that all groups in society, not just those at the top, enjoy the fruits of development. And we seek democratic development, in which citizens participate in a variety of ways in making the decisions that affect their lives*" (Stiglitz, 1998).

The limited progress in development terms in Latin America and Sub-Saharan Africa in the late 1980s and early 1990s acknowledged, according to Stiglitz, the failure of the Washington Consensus policies: growth in that period was only half of the growth recorded in the 1960s and 1970s. As a matter of fact, the "*one size fits all*" package of reforms was not applicable in every country. The most striking example of the fact that the neo-liberal policies did not necessarily bring economic growth was represented by the so-called Asian tigers, the countries of South-East Asia, that became gradually global economic powers, taking their own successful path for development, through their own policies based on a more preeminent role of the state.

However, Stiglitz, in conceptualizing the Post-Washington Consensus, did not totally oppose the Washington Consensus' receipt for development: he favoured liberalisation and free trade, but at the same time he acknowledged the possibility of market failures in an open global economy, and called for a more interventionist state that would deal with those market failures, thus, making the market work more efficiently (Fine, 2001). Moreover, the post-Washington Consensus went further with the conceptualization of development as increases in GDP, since it could not be automatically guaranteed that all the individuals would benefit from these increases, thus raising issues of distribution of wealth, that could not be ignored (Fine, 2001). When it was clear that the Washington Consensus was not bringing the economic success expected, government and institutions, once seen as the problem, began to be seen as the solutions (Stiglitz, 2004). Furthermore, the "*one size fits all*" type of reforms was not adequate to all countries and it was necessary to build a new strategy that would leave

room to the developing countries to experiment and find their own path to development according to their internal system and culture. (Stiglitz, 2004).

The post-Washington consensus understands development as a "*sustainable*", "*egalitarian*" and "*democratic*" process: "*We seek increases in living standards – including improved health and education – not just increases in measured GDP. We seek sustainable development, which includes preserving natural resources and maintaining a healthy environment. We seek equitable development, which ensures that all groups in society, not just those at the top, enjoy the fruits of development. And we seek democratic development, in which citizens participate in a variety of ways in making the decisions that affect their lives*" (Stiglitz, 1998).

Although the post-Washington Consensus has its roots in neo-liberal thinking, it distanced itself from it in drawing attention on two factors: on the one hand, on market failures that require the intervention of the state in regulating economic activity, and, on the other, the necessity of a transformation of society in order for development policies to be truly effective.

In conclusion, European development policy evolved greatly since the Treaty of Rome in 1957, also influenced by the external international context. The emergence of Neo-liberalism and the Washington Consensus demonstrated how the European Union had basically been unable to design and lead its own policy in a different direction from that of the multilateral framework of the IMF and the World Bank, operating the transition towards a market-led understanding of development, subject to economic and political conditionality (Holland and Doidge, 2015).

But the unsuccessful results of the implementation of standard reform package in Latin America and Sub-Saharan Africa, led to a re-conceptualisation of the European development policy shifting its priorities to the reduction of poverty and to the human dimension of development. Lomé IV drew, for the first time, a link between human rights and development under Article 5 (Holland and Doidge, 2015). The Maastricht Treaty (1992), which will be analysed in the next chapter, reinforced the newly established framework, through the drafting of the Treaty on the European Union, that included provisions to attain the new developmental priorities (Holland and Doidge, 2015).

1.4 INSTITUTIONAL REFORMS: THE MAASTRICHT TREATY

The Treaty of Maastricht, the so-called Treaty on European Union (TEU), was signed at Maastricht on 7 February 1992 (Pryce, Duff and Pinder, 1994), entered into force on 1 November 1993, and transformed the institutional framework of the former European Economic Community, creating the European Union[5]. The structure of the newly formed Union was based on three pillars: the European Community, which falls under Title II, III and IV, the Common Foreign and Security Policy (CFSP) under Title V, and cooperation in the field of Justice and Home affairs (JHI) under Title VI[6].

The main goal of the first pillar, the European Community, was to promote the single market, especially by creating Economic and Monetary Union that would "*promote throughout the Community a harmonious and balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, a high degree of convergence of economic performance, a high level of employment and social protection, the raising standard of living and quality of life, and economic and social cohesion and solidarity among Member States*" (Art. 2, Title II, Treaty of Maastricht, 1992). The Common Foreign and Security Policy (CFSP) was established in order to "*safeguard the common values, fundamental interests and independence of the Union; to strengthen the security of the Union and its Member States in all ways; to preserve peace and strengthen international security, in accordance with the principles of the United Nations Charter as well as the principles of the Helsinki Final Act and the objectives of the Paris Charter; to promote international cooperation; to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms*" (Art. J1, Title V, Treaty of Maastricht, 1992). For what concerns the third pillar, the TEU provided for the development of common actions in the fields of justice and home affairs, that included the control of the Community's external borders, the fight against terrorism, crime, drug trafficking and international fraud, control of illegal immigration and asylum policy[7].

The Treaty of Maastricht therefore extended the competences of the European Union and created a "*single institutional framework*". For what concerns our topic of interest, the

[5] Treaty of Maastricht (1992).
[6] European Parliament, The Treaty of Maastricht, European Parliament official web page (Factsheets on the European Union): http://www.europarl.europa.eu/factsheets/en/sheet/3/the-maastricht-and-amsterdam-treaties.
[7] European Parliament, The Maastricht and Amsterdam Treaties, European Parliament official web page (Factsheets on the European Union): http://www.europarl.europa.eu/factsheets/en/sheet/3/the-maastricht-and-amsterdam-treaties.

Treaty of Maastricht established the legal basis for an official European Union development policy under Title XVII (Title III, Chapter 1, TFEU under the Treaty of Lisbon, 2009). In particular, Article 130u stated that:

"*1. Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster: the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them; the smooth and gradual integration of the developing countries into the world economy; the campaign against poverty in the developing countries: 2. Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms. 3. The Community and Member States shall comply with the commitments and take account of the objective they have approved in the context of the United Nations and other competent international organisations*" (Title XVII, Art. 130u, Treaty of Maastricht, 1992).

Moreover, Article 130v (Title III, Chapter 1, Art. 208(1) TFEU, 2009) affirmed that "*the Community shall take account of the objectives referred to in Article 130u in the policies that it implements which are likely to affect developing countries*" (Title XVII, Art. 130v, Treaty of Maastricht, 1992). The development framework that had evolved throughout the 1980s and 1990s, that fell under the name of Post-Washington Consensus, had been enshrined in the Treaty of Maastricht (Hout, 2010). The fundamental goals of EU development cooperation of promoting the sustainable economic and social development of the developing countries, the reducing of poverty and enhancing the respect of human rights and the gradual integration of developing countries into the world economy acquired for the first time a legal status, and reflected the shift in the EU's conception of development of 1990s (Hout, 2010; Holland and Doidge, 2015).

The development policy was formalised as a shared competence with the development policies of the single Member States: the principle of subsidiarity, such as defined in Article 3(b), defines what are the policies that fall under complete competence of the Union, and those that are also of national competence (Title II, Art. 3(b), TEU Treaty of Maastricht, 1992; now Part I, Principles, Art. 5(3), TEU under Treaty of Lisbon, 2009). Subsidiarity means that the Union takes action in the exercise of the shared competences only

in the case in which the Member States are not able to pursue the objectives at national, regional or local level, and thus action can be more effective if taken at community level.

In order to provide effective development cooperation, three core principles were established, the so-called three Cs: coordination, complementarity and coherence[8]. Coordination has been defined as "*activities of two or more development partners that are intended to mobilise aid resources or to harmonise their policies, programmes, procedures, and practices so as to maximise the development effectiveness of aid resources*"[9]. The development policy is defined as "*complementary to the policies pursued by the Member States*" (Title XVII, Art. 130u, Treaty of Maastricht, 1992) (Hoebink, 2005a). As a matter of fact, development policy is not of exclusive competence of the European Community, but the single Member States have the right to pursue their own development cooperation agendas, and the Community's policy should be envisaged as to complete the Member States' policies, within a set of common vision and goals. Finally, coherence is defined as "*the non-occurrence of effects of policy that are contrary to the intended results or aims of policy*"[10] (Hoebink, 2005a).

The multilevel nature of the European Union represents a challenge, especially for what concerns the foreign policy: although the efforts of speaking with one voice, the Member States still have national competence in a wide range of policies, and, also at Community level, and the policy making process is distributed among different institutions (Gebhard, 2017). The multilayered structure of the Union required the management of a wide range of foreign policy issues in a coherent way (Gebhard 2017).

Policy coherence for development (PCD), the main theme of this study, as will be analysed in the next chapter, emerged, therefore, in an embryonic form, with the Treaty of Maastricht: Art. 130v became to be known as the "*coherence article*", stating that "*the Community shall take account of the objectives referred to in Article 130u in the policies that it implements which are likely to affect developing countries*" (Title XVII, Art. 130v, TEU, Treaty of Maastricht, 1992).

Many definitions of the concept exist, and it is quite difficult to pick up one. According to Hoebink, it is possible to define it narrowly or broadly: narrowly, coherence would mean that objectives of policy in a particular field may not be undermined or

[8] http://www.three-cs.net/
[9] http://www.three-cs.net/
[10] http://www.three-cs.net/

obstructed by actions or activities in this same field; broadly, it would mean that objectives of policy in a particular field may not be undermined or obstructed by actions or activities of government in that field or in other policy fields (Hoebink, 2005a).

Also at international level, the call for coherence became widely debated: in 1991, at the High-level Meeting, the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) emphasized the need for increasing coherence in the policies of the industrialised donor countries towards the developing countries (Foster and Stokke, 2013), and emphasized the importance of promoting human rights, democratisation, open and accountable institutions, the rule of law and the reduction of excessive military expenditures (DAC OECD, 1991). In the wake of the conceptualisation of development in terms of good governance and democratisation, policy coherence had to be an instrument for improving governance effectiveness.

Within the development policy, there are three different types of (in)coherence: between the development objectives outlined by the Maastricht Treaty and the effective external policy of the EU; incoherence may arise also between the development policy towards developing countries and the internal policies of the Community; and finally incoherence may exist between the development policies of the Community and those of the single member states, or that of the Community and those of the developing countries (Foster and Stokke, 2013). The many interests at play, the institutional fragmentation, the need to compromise are some of the factors that make a certain level of incoherence unavoidable (Foster and Stokke, 2013).

Article C of the Common Provisions of the Maastricht Treaty assign the responsibility over policy coherence at Community level to the European Commission and the Council, stating that "*the Union shall in particular ensure the consistency of its external activities as a whole in the context of its international relations, security, economic and development policies*". In 1992 , the Commission issued a declaration to the Council and the European Parliament, the Horizon 2000 Declaration (Commission 1992), in which it engaged to the objectives of development cooperation as outlined in the Maastricht Treaty, in particular to the principles of coherence and complementarity, declaring the need to "*gradually align and dovetail*" the development cooperation policies of the Member states to that of the European Union (Carbone, 2007; Hoebink, 2005a; European Commission, 1992). More importantly, the document emphasized the lack of coordination between the

Community and the single Member States in development policy, claiming for a "*coordination shortfall*", and also a lack of coordination among the different policies of the Community, and stated that "*the principle of subsidiarity must govern the analysis undertaken to formulate Community policy and the choice of the degree to which Member States' bilateral policies are integrated into coordinated policy*".

To conclude, the Treaty of Maastricht created a stronger constitutional basis for development cooperation policy, and outlined the principles to which the European Community committed, in line with the international development cooperation trends, oriented towards the promotion of sustainable development, integration of the developing countries into the world economy, poverty eradication, democracy and the rule of law and the respect of human rights (Hoebink, 2005a). It was created a dedicated new title, Title XVII (now Title III, Chapter I, TFEU under the Treaty of Lisbon, 2009) (Hoebink, 2005a). And for the first time, the Community committed to the three-Cs principles, coordination, coherence and complementary, that, even though were still missing of clear meanings and definitions, became important concepts at international level, and opened the way for future progress in the efforts of delivering a more effective development policy. As a matter of fact, the three Cs of development cooperation respond to the same goals of improving the effectiveness of the Community's development policy, by avoiding contradictions and duplications of the policies of the Member states and the Community.

2. POLICY COHERENCE FOR DEVELOPMENT IN EU DEVELOPMENT POLICY

2.1 DEVELOPMENT POLICY AND THE TURNING OF THE 21ST CENTURY

2.1.1 An overview

With the turning of the 21st century, the increasing effects of globalization in terms of global inequalities urged the international community to engage more deeply in constructing a new development agenda (Holland, 2008): this first section of the Chapter will therefore analyse the major challenges raised with the new century and the main actors that dealt with it, namely the UN, the OECD, the World Trade Organization (WTO), Non Governmental Organizations (NGOs), and, most importantly, the EU. The aim is to have an overview of the main steps that the international community took towards a more coherent and effective cooperation for development, in order to understand the international context in which Policy Coherence for Development emerged.

Development cooperation became increasingly important: at international level, the global goal of reducing poverty, and other related objectives have been defined in the Millennium Development Goals (MDGs) by the UN, to which the international community at large committed. Also the European Union included many of these objectives into its development policy (Hollis, 2014). The OECD has been another leading organization of global governance: in 1996 it developed a new strategy for development cooperation in the new century, published with the title *Shaping the 21st Century: the Contribution of Development Cooperation*, and also known as *Development Partnerships Strategy*, in which it outlined the core issues of the new century related to development and envisaged a possible strategy to tackle them and to promote progress and growth. Moreover, in the Paris Declaration on Aid Effectiveness, it proposed a series of guidelines in order to improve its Members' cooperation efforts towards developing countries.

Due to the interconnectedness of markets resulting from globalization, trade has been increasingly seen as a key instrument for the development of developing countries, and the

establishment of the World Trade Organization at the end of the Uruguay Round consolidated the link between trade and development: the WTO is therefore another important actor of the international community that has shaped development cooperation in the 21st century. As a matter of fact, the first multilateral trade negotiations took place at Doha in 2001, with the aim of raising the attention to development in WTO's work (Braga and Jones, 2006). The WTO committed to play a major role in the promotion of economic development and the alleviation of poverty, and in enhancing the relevance of trade agreements as fundamental instruments for the liberalization and expansion of trade, fostering development (WTO, 2001).

The EU, in the evolution of its development cooperation policy, has referred to the international contexts and to the norms established in the other international fora, and it has built its own competence in relation to them (Orbie, 2009). Development policy in the EU is of shared competence with the Member States: it means that it formulates and implements its own policy, and, at the same time, it coordinates the Member States' policies in this area (Orbie, 2009). In 2000, the EU identified six areas in which it enjoyed a comparative advantage in comparison to the Member States: the linkage between trade and development; support for regional integration and cooperation, support for macro-economic policies, enhancement of equal access to social services, transport, food security, sustainable and rural development, institutional capacity building, to allow for good governance and the rule of law (European Commission, 2000b; Orbie, 2009).

Since 1993, with the implementation of the Maastricht Treaty and the official recognition of the prerogatives of the European Union in development policy, major challenges have shaped the evolution of development policy (Orbie, 2009). Being the European Commission held responsible for the design and the implementation of development cooperation policy, the succeeding of three periods can be distinguished corresponding to three Commissions that reformed the Community's role in this area. Firstly, the Santer Commission, from 1995, began the institutional and administrative reforming process, although it did not succeed in bringing major changes. The administration of development policy remained carried out on regional division with DG VIII (Development) dealing with ACP countries; DGIA dealing with Common Foreign and Security Policy (CFSP) and with the Central and Eastern European Countries; DGIB focusing on the Middle and Far East, the Mediterranean and Latin America. But this administrative fragmentation was actually a limit in the policy's effectiveness. Secondly, the Prodi Commission, from 1999

to 2004, introduced the major institutional reforms, in order to reorganize responsibilities in a more coherent way. DG Trade was established to deal with trading relations between the EU and the ACP countries; DG External Relations was created in order to deal with all countries except the ACP, which remained under the DG VIII responsibility; ECHO remained responsible for humanitarian assistance; EuropeAid was created, as well as EC Delegations in third countries. Moreover, since 2001, aid programming has been defined by the so-called Country Strategy Papers (CSPs), which set the strategies and the priorities in development issues in a specific country. Thirdly, the Barroso Commission did not advanced any particular institutional reform, but was rather important for establishing the European Consensus on Development and the Policy Coherence for Development (PCD) initiative.

After having outlined the other actors' main contributions to development cooperation at the turning of the century, the first section of the Chapter will, therefore, analyse these evolutions in the EU development policy, starting from the Treaty of Maastricht of 1992, and the challenges it involved, and keeping in mind the importance of the international context in which these evolutions came about. The major important steps in the EU development policy were represented by: the so-called Cotonou Agreement (June 2000), which represented the successor of the Lomé Convention and institutionalized new regulations of the partnership between the EU and the ACP countries, in accordance with the Millennium Development Goals (MDGs) as defined by the UN (September 2000); and finally, the European Consensus on Development (December 2005), that set the common vision of the EU and its Member States for the achievement of sustainable development.

The Organization for Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC) cooperated during the 1990s with the United Nations as well as with the WTO, WB and IMF, in the efforts of shaping multilateral cooperation for development: following the decrease of influence of Official Development Assistance (ODA) in enhancing progress and growth in developing countries, in 1996 it published an important document, "*Shaping the 21st century: the contribution of development cooperation*" (OECD, 1996), in which it defined a list of quantitative targets and goals that referred to the issues outlined by the MDGs. Furthermore, the document analyzed the main challenges that globalization was raising, and that would have been at the centre of the 21st international development agenda.

Globalization and liberalization of markets produced a growing economic interdependence, thus resulting in turn with a growing competition that caused a deepening of the gap between the developed and the poorer countries, the latter not able to keep up with the economic standards of the former and remaining marginalised from the global system (OECD, 1996). Urbanization, large scale production and mass consumption in the Western countries involved the exploitation of natural resources, provoking damages to the environment, including strains on the quality of water, soil and air, loss of biodiversity and depletion of fish stocks, undermining the resources for feeding and sustaining the demographic increase in world population (OECD, 1996).

But globalization also offered new opportunities for developing countries: free trade allowed access to importations into developing countries as well as exportations of their products, making possible to achieve high rates of economic growth: progress and human welfare in developing countries reached unprecedented levels throughout the 1990s, even though not distributed in a uniform way (OECD, 1996).

The document identified the goals, that came to be known as International Development Goals (IDGs), that would serve as indicators of progress: "*1. Economic well being: the proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015; 2. Social development: there should be progress in primary education, gender equality, basic health care and family planning; 3. Environmental sustainability and regeneration: there should be a current national strategy for sustainable development, in the process of implementation, in every country by 2005, so as to ensure that current trends in the loss of environmental resources – forests, fisheries, fresh water, climate, soils, biodiversity, stratospheric ozone, the accumulation of hazardous substances and other major indicators – are effectively reversed at both global and national levels by 2015*" (OECD, 1996).

Commitment toward the International Development Goals was supported also by the United Nations, the World Bank and the IMF, and the cooperation between these organizations resulted in the report "*A better world for all: progress towards the international development goals*" (IMF, OECD, UN, WB, 2000) launched at the 24th special session of the General Assembly in Geneva in 2000, entitled "World Summit for Social Development and beyond: achieving social development for all in a globalizing world" (UN World Economic and Social Survey, 2014-2015).

Development is one of the three pillars of the United Nations (UN World Economic and Social Survey, 2014/2015): the UN is committed by its Charter, among other goals, to promote "*conditions of economic and social progress and development*" (Burton, 1996). It has always played a fundamental role in the evolution of international cooperation, and all along the 1990s, it contributed to a more comprehensive view of development through the launch of a series of international conferences, concerned with the new issues raised by globalization, such as the protection of the environment, human rights, social development, women's equality (Burton, 1996). Most importantly, at the United Nations Conference held in New York in 2000, the UN set the so-called Millennium Development Goals (MDGs), whose target date has been set by 2015: the MDGs reinforced the efforts towards the eradication of poverty at the international level, calling for an integrated approach that would promote the sustainable development of developing countries. The eight MDGs are to: "*eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce the mortality rate of children; improve material wealth; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development*" (UN, 2009).

The Millennium Development Goals have been the reference point for the elaboration of international, national and subnational policies in the area of development (UN World Economic and Social Survey, 2014-2015). The MDGs contributed to shifting the understanding of development as merely economic growth to a process comprising different issues, namely poverty reduction, education, protection of the environment, gender equality (UN World Economic and Social Survey, 2014-2015). This shift contributed in raising the relevance of greater coherence among different policies.

The 1990s, as we have seen, proved to be a difficult moment for aid and development assistance, caused by the rising factors that influenced the development and progress of developing countries. The OECD DAC, being the main coordinator of the distribution of aid towards developing countries, started to focus its efforts on the improvement of the quality of aid. The most important achievement in this direction was the Paris Declaration, signed in 2005, at the occasion of the Second High Level Forum on Aid Effectiveness, where Ministers of over 100 developed and developing countries met (OECD, 2005b). It implied a reform in the methods of aid delivery, based on five fundamental principles in order to enhance the aid effectiveness and development impacts: *Ownership*,

meaning that developing countries are responsible for their own development process and strategies for poverty reduction; *Alignment* of donor countries' objectives with the objectives of aid effectiveness and poverty reduction, so that donors' assistance is aligned with the "*development priorities and results-oriented strategies set out by the partner country*"; *Harmonisation*, meaning the simplification of procedures, and the coordination among donor countries in order to avoid duplication; *Results*, intended in terms of measurable development results; *Mutual accountability*, meaning that both donors and receipt countries are held accountable for development results (OECD, 2005b). Moreover, the Paris Declaration provided a series of instruments and procedures in order to measure the impact and the effectiveness of aid on the basis of these five principles. These principles were reaffirmed lately in 2011, at the Fourth High-Level Forum on Aid Effectiveness where the Busan Partnership for Effective Development Cooperation was endorsed (OECD, 2012a). It was also recognized that aid is only one way for development financing, and that economic interconnectedness made trade and investment important sources of development.

The WTO, created in 1995 at the end of the Uruguay Round as the successor of the General Agreement on Tariffs and Trade (GATT), established a new multilateral trading system that aimed at spreading free trade and liberalize economies by reducing trade barriers. It has been, therefore, the main promoter of the link between trade and development. In 2001 in Doha, the WTO launched its first round of multilateral trade negotiations, forming the so-called Doha Development Agenda (Braga and Jones, 2006).

The European Union, whilst having been a major actor in development cooperation, since the late 1990s began a process of revisions and reforms of its development policy, due to a series of reasons: first of all, the end of the Cold War reshaped the world's configuration, leading the EU to shift its attention more on Eastern European countries, and secondly, its influence was not sufficient to provide substantial progress, in comparison to other international development fora (Arts and Dickens, 2004). As a matter of fact, "*EU development policy has shifted away from making substantive and innovative attempts to contribute to North-South dialogue, which was the case during the 1970s and 1980s. Instead, since the 1990s EU development cooperation policy has appeared to follow global trends*" (Arts and Dickson, 2004).

The new millennium has transformed the international context, and the international organizations, in particular the UN, WTO, IMF, WB analysed above, called for the setting of

common objectives and cooperation in order to tackle common issues: the EU endorsed the view that multilateralism is key for seeking for solutions to global problems. With the 21st century, the EU has been largely influenced by the international progresses in development cooperation outlined above, even though it started to adopt a more proactive approach in the elaboration of its own policy (Orbie and Versluys, 2008).

The development policy goals of the EU reflect the aims promoted by international organizations, particularly the UN, in international development cooperation: the priority on reduction of poverty and the other MDGs are a clear example, and "*the EU aims to translate the international development agenda into its own policy and behave itself as the best pupil of the class (for example on the ODA target at the UN, untying of aid commitments at OECD DAC, debt relief at the G7, Aid for Trade agenda at the World Trade Organisation)"* (Orbie, 2012). Article 208(2) of the Treaty of Lisbon (TFEU) states that "*The Union and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations*" (Title III, Chapter I, Article 208(2), TFEU, Treaty of Lisbon, 2009). According to the OECD DAC, "*the European Community is usually a taker of policy from other sources rather than an institution that sets the international agenda on contemporary problems in development*" (OECD/DAC, 2002b): the EU has therefore been considered more as a "norm taker" than a "norm maker" in the field of international development cooperation (Orbie and Versluys, 2009).

The need for a global partnership was indeed a shared belief among the international stakeholders, and it was also emphasized by the UN in the Report on the Post-2015 Development Agenda, calling for a "*truly international framework of policies to achieve sustainable development*" (UN, 2013). As a matter of fact, "*development entails far more than the mere increase of wealth of poor countries – it is a socio-political as well as an economic phenomenon that triggers international effects*" and "*it is conceptually multi-dimensional and geographically transnational. In a world with stronger interdependencies, development has become a truly global issue*" (Gänzle, Grimm, and Makhan, 2012).

In recent years, however, the EU seems to have adopted a more active approach to development cooperation, in an effort to become a central global actor (Orbie and Versluys, 2009): in particular, it has promoted the principle of Policy Coherence for Development in its policy agenda and in multilateral fora, as a policy tool and approach that would favour the

achievement of the common goals, and "*a means of implementation in the Global Partnership*" (ECDPM, 2014a).

In the 1990s, the European Union began a process of reform within the Commission , with regard to the distribution of the administrative tasks on development policy, in order to make it more effective and place development cooperation at the top of its policy agenda. After the Treaty of Maastricht entered into force in 1993, the European Commission's lead rested in the hands of President Santer, who, in the following years from 1995, started a wave of structural and administrative reforms, that continued lately with the Prodi Commission in 1999. The Directorate General VIII (DGVIII) was kept in place to regulate the relations established under Lomé, but three other DGs were created, plus the European Community Humanitarian Office (ECHO) (Holland, 2002). The fragmentation of the tasks was realized according to a regional division, and not according to a policy division: as a matter of fact, "*DGI was responsible for trade and commercial policy (with its geographical spread linking OECD countries with China, South Korea and Taiwan). DGIA was the focus for CFSP policy as well as for relations with the CEEC, Turkey, Cyprus, Malta and countries of the former Soviet Union. DGIB concentrated on the Mediterranean, Middle and Far East as well as Latin America. DGVIII remained exclusively concerned with ACP affairs with the addition of responsibility after 1995 for the newly democratic South Africa. ECHO stood apart from these structures and took responsibility for humanitarian assistance*" (Holland, 2002). This fragmentation was nevertheless incompatible with the changed globalized international framework, and also incompatible with the three-Cs principle, as set in the Treaty of Maastricht: the administrative division of the Santer Commission lacked complementary, coordination and coherence, that undermined the efficiency in policy formulation of the Commission.

These changes in the administrative structure of the Commission, for what concerned the EU development policy, were accompanied by a changing in the approach to development: the trade partnership established under Lomé IV had not improved substantially the development of the ACP countries, although development policy had been increasingly linked to the trade regime, especially after the creation of the World Trade Organization (WTO) in 1995 (von Moltke, 2004). Therefore, with the approximating of the end of the Lomé Convention, established by 2000, the Commission started working on a series of documents, in which it reviewed the results achieved, and drafted the post-Lomé possible

scenarios (von Moltke, 2004). The adoption of these documents represented the steps of the process that led to the adoption of a new agreement between the EU and the ACP countries in 2000, the Cotonou Agreement. The documents were the *Green Paper on Relations between the European Union and ACP Countries on the Eve of the 21st Century*[11] and the *Guidelines for the Negotiation of new Cooperation Agreements with African, Caribbean and Pacific (ACP) Countries*[12].

In 1996 the Green Paper was adopted, providing with an overview of the challenges brought about by the Lomé Convention, and with the options available for a future partnership between the European Union and the ACP countries. With the approximating of the new century, and the increasing impacts of globalization on the international trade relations, it was felt necessary to reconsider the provisions of the Convention, in order to face the changes in the political, economic, and commercial context.

As a matter of fact, both the end of the Cold War and the results of the Uruguay Round, ending in 1994, after 8 years of negotiations in reforming the world's trading system, shaped consistently the European agenda on development; the WTO was created in order to regulate international trade relations with the aim of creating a liberalization of markets, through the progressive elimination of trade barriers[13]. Moreover, the end of the Cold War marked a shift in the relations between the EU and the ACP states, with the EU directing its major development cooperation efforts to the newly independent ex-communist states in Eastern Europe.

The Green Paper, taking into consideration the new multilateral trade regime, called for an increased effectiveness, and for the need to differentiate the level of development of countries in the implementation of the development policies. The partnership established under the Lomé Conventions had only partially produced the desired results, but much work still had to be done, in order to achieve the aim of reducing poverty[14]. The Green Paper outlined four key issues to be tackled in the future relations with ACP within the development cooperation policy. First of all, the geographical scope: the ACP had been considered since that moment as a unitary actor, and the policies applied to all the ACP countries

[11] European Commission (1996). *Green Paper on Relations between the European Union and ACP Countries on the Eve of the 21st Century*. Luxemburg.
[12] European Commission (1997). *Guidelines for the Negotiation of the new Cooperation Agreements with African Caribbean and Pacific (ACP) Countries*. Luxemburg.
[13] WTO, The Doha Round, WTO official web page: https://www.wto.org/english/tratop_e/dda_e/dda_e.htm
[14] European Commission, Press release on the Green Paper, European Commission official web page: http://europa.eu/rapid/press-release_IP-96-1041_en.htm

indistinctively. However, those countries were characterized by profound differences, at cultural, social, political and economic level, therefore it was necessary to take them into account. Moreover, the existing non-reciprocal trade preferences had proved to be inefficient.

The alternatives to the Lomé provisions, outlined by the Green Paper, were the following: the application of a *Generalized System of Preferences* (GSP) for the ACP, overcoming the differential treatment for other parts of the developing world; *uniform reciprocity*, so that all ACP would have granted reciprocity to the EU, thus establishing EU-ACP Free Trade Area; or *differentiated reciprocity*, meaning the arrangement of specific agreements between the EU and different groups of states (Holland, 2002). In more general terms, the debate was turning around the choice for a geographical framework to be conceived in global and uniform terms, or rather in regional terms, focusing on differentiation.

Other issues stressed in the Green Paper were: the focus on the strengthening of the role of the private sector in the ACP countries; the enhancing of the role of the State in implementing the rule of law and in pursuing good governance, democracy and the respect for human rights; the differentiation between richer and poorer countries, or Least Developed Countries (LDCs), focusing primarily on the latter for the allocation of aid resources, with the aim of integrating them into the world economy (Holland, 2002; European Commission).

The following year, in 1997, the European Commission, on the basis of the Green Paper analysis of alternatives, issued its guidelines for the future agreement between the EU and the ACP countries. The priorities to be taken into account in the negotiation of the new agreement, outlined by the Commission, were the following: a stronger political dimension, emphasizing the principle of good governance; the reduction of poverty, and its future eradication; the establishment of a new kind of partnership, based on reciprocity for those countries that wanted it and abandoning the privileged relationship with ACP; the reform of financial management and technical cooperation procedures; the introduction of regional differentiation (Holland, 2002). The broader goal of the EU development policy remained the alleviation of poverty and the introduction of the developing countries into the global economy, as described by Art. 130u of the Treaty of Maastricht (Holland, 2002).

However, development was not conceived only in economic terms anymore, but considered also the cultural, social, political and environmental dimension. The economic framework established by Lomé was challenged, shifting from a system based on unilateral trade preferences to a system of differentiated regional agreements, whilst within an overall

EU-ACP agreement (Holland, 2002). Reciprocity was considered to be fundamental in the building of international free trade. More importantly, geographical differentiation would have to reflect the different levels of political and economic development of both ACP and non-Lomé countries, thus extending the geographical scope of the previous convention.

In 1998, a new grouping in the Commission was formed, the Joint Service for the Management of Community Aid to Non-Member Countries, or Service Commun Relex in its French acronym (SCR): its aim was to enhance policy coherence among crosscutting policies, such as food aid, environment, AIDS, human rights and democracy, challenging the geographical differentiation by adopting a global focus (Holland, 2002). It was created in order to overcome the policy inefficiencies recorded in the previous work of the Commission, that were considered to be caused by various factors, including the insufficiency of administrative staff and the subsequent lack of coordination (Holland, 2002). The Service Commun Relex was formed by six directorates, among which the policy responsibilities described above were distributed (Holland, 2002). In this way, it was possible to decentralize and reorganize the management of aid towards Non-Member Countries. However, the innovation brought about with the establishment of Service Commun Relex was not enough to overcome the problems of development cooperation and more reforms were needed.

The time came under the Prodi Commission, established in 1999, during which fundamental reforms were introduced, that would have guided the EU development policy in the new century: according to Holland, these reforms have been the "*most radical in the history of the development sector, and were a 'bid to cut out waste and bring more coherence to its much criticised €9 billion aid budget*" (Holland 2002; European Voice, 2000). Innovation involved also the European Parliament, in particular for what concerned the increase of coherence between development policy and the other EU policies: in 2000 a Resolution of the plenary session required the annual publication by the Commission of a report on coherence in development policy (Holland, 2002). The Parliament also urged a better coordination of aid policies, in addition of a revision of the financing system, still based on the mechanism of the EDF (Holland, 2002).

The negotiating process for the agreement that would reform the Lomé Convention began in 1999, following the Council's negotiating mandate of 1998 (Holland, 2002). The negotiations between the EU and the 77 ACP countries were carried out in unequal terms, with the ACP often forced to make unfavourable concessions. One of the main point of

divergence was the issue of good governance, since many interpretations of the concept could be advanced and since the ACP questioned the political conditionality as a development and aid precondition. Another key controversial point regarded the differentiation between developing countries for EU aid and development policies on the basis of the performance criteria (Holland, 2002). As a matter of fact, what the EU required, was a certain level of previous successful cooperation. Therefore, the total departure from the Lomé Convention and the adoption of a new partnership agreement was not feasible, and some elements needed to be retained. According to Holland, "*to persist with the façade of a collective agreement was perhaps the only possible choice in the transition from uniform non-reciprocity to the new regionalized free trade regimes favoured by Brussels*" (Holland, 2002).

In 2000, new guidelines were proposed (European Commission, 2000a), calling for increased responsibilities of developing countries in pursuing their development agenda, recognizing the "ownership" of development policies, for an increased cooperation and coherence between EU development policy and other EU policy sectors (Holland, 2002). In this sense, civil society was called to play a major role in shaping and promoting development.

In sum, the conclusions of the Green Paper outlined the failures and shortfalls of Lomé IV, recognizing that the ACP countries did not benefited from the non-reciprocal trade preference system, and, on the contrary, trade protections undermined the development of competitive economies (European Commission, 1997). This was recorded as a result of poor governance and lack of economic diversification (Merrien, 2009).

The agreement was signed on June 2000, in the capital of Benin, Cotonou, between the 15 EU Member States and 77 ACP countries. The Cotonou agreement marked a shift in the relationships between EU and ACP countries, maintaining some core elements of the Lomé Conventions, though. The new agreement had to be based among equal partners, and characterized by the sharing of common interests and by the integration of civil society and the private sector (Merrien, 2009). The primary objectives remained the alleviation of poverty and the gradual integration of developing countries in the world economy. What was central in the new agreement, was the abandonment of the ACP as a uniform group and, therefore, the differentiation between them on the basis of their level of development (conceived in economic, social, political and cultural terms), and the inclusion of other developing countries outside the group of the ACP. Moreover, the Cotonou agreement committed to comply with

the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO) principles of non-discrimination and Most-Favoured Nation (MFN), according to which equal treatment must be guaranteed to all countries in trade relations (Part I, Art. I, GATT, 1947). It was recognized the political and social dimensions of development, calling for a more participatory role of institutions, as well as of civil society and private sector. Article 1 describes the priorities and the main objectives of the agreement: "*to promote and expedite the economic, cultural, social development of the ACP States, with a view of contributing to peace and security and to promoting a stable and democratic political environment. The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objective of sustainable development and the gradual integration of the ACP countries into the world economy*" (Part I, Title I, Chapter I, Art. 1, Cotonou Partnership Agreement, 2000).

The institutional structure established under Lomé was maintained, based on the joint management of the relationship between EU and ACP countries, carried out by the ACP-EU Joint Assembly, the Council of Ministers and the Committee of Ambassadors (Merrien, 2009; Holland, 2002). The focus on the political dimension, whilst already present in the previous convention, was remarked and emphasized. In particular, Article 8 states that the partners "*shall regularly engage in a comprehensive, balanced and deep political dialogue*" in order to outline "*agreed priorities and shared agendas"* in fields of "*mutual concern or of general significance*", such as "*the arms trade, excessive military expenditure, drugs and organised crime, or ethnic, religious or racial discrimination*" (Part I, Title II, Art. 8, Cotonou Partnership Agreement, 2000).

Moreover, three "essential elements", that the Partnership agreement would protect and promote, were identified: respect for human rights, democratic principles and the rule of law (Holland, 2002). Good governance was identified instead as a "fundamental element" and defined in Article 9, as follows: "*good governance is the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development. It entails clear decision-making procedures at the level of public authorities, transparent and accountable institutions, the primacy of law in the management and distribution of resources and capacity building for elaborating and implementing measures aiming in particular at preventing and combating corruption*"(Part I, Title II, Art. 9(3), Cotonou Partnership Agreement, 2000).

Related to the concept of good governance was the principle of ownership, according to which the ACP were held responsible and accountable of their own development process, with a greater involvement of civil society. The main innovations, as stated above, were the widening of the geographical scope, with the inclusion of non-Lomé states, and the differentiation of the ACP states, according to their level of development. The Least Developed Countries (LDCs), as defined by the United Nations, benefited from preferential treatment, that allowed them non-reciprocal free access to the EU market (Holland, 2002): Article 85 states that LDCs require "*special treatment in order to enable them to overcome the serious economic and social difficulties hindering their development*" (Part V, Chapter 2, Art. 85, Cotonou Partnership Agreement, 2000).

According to the differentiation principle, the parties agreed to negotiate in the following years a series of Economic Partnership Agreements (EPAs), that would be compatible with WTO rules. As a matter of fact, Article 36 of the Cotonou Agreement states that "*the Parties agree to take all the necessary measures to ensure the conclusion of new WTO-compatible Economic Partnership Agreements, removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade*" and "*the Economic Partnership Agreements, as development instruments, aim to foster smooth and gradual integration of the ACP States into the world economy, especially by making full use of the potential of regional integration and South-South trade*" (Part III, Title II, Chapter I, Art. 36, Cotonou Partnership Agreement, 2000). The Economic Partnership Agreements are negotiated on the basis of regional groupings, that may combine more developed ACP states with LDCs, in order to promote regional integration: "*regional integration is a key instrument for the integration of the ACP countries into the world economy*" (Part III, Title II, Chapter I, Art. 35(2), Cotonou Partnership Agreement, 2000; Holland, 2002).

The EPAs were to be negotiated during the "*preparatory period*", from 2000 to 2008, and would be based on the non-reciprocal free-access of almost all imports from all LDCs, according to the Everything But Arms agreement (EBA). As a matter of fact, the EBA would guarantee all LDCs full duty-free and quota-free access to the EU market for all their products, except for arms and armaments (European Commission, 2013). The preferential treatment would have lasted until countries successfully reach such a development level that they may not be considered "least developed" anymore. The core objectives enshrined in the Cotonou Partnership Agreement, therefore, reflected the general trend that development

policy had acquired with the turning of the new millennium, with a particular attention to the Millennium Development Goals.

Another fundamental step towards a more comprehensive development agenda at European level, in accordance with the internationally agreed objectives of attaining an effective sustainable development and the reduction of poverty in developing countries, was the adoption of the European Consensus on Development in December 2006 by the European Commission, the European Parliament and the Council of Ministers (European Commission, 2006a). It set the common objectives and principles for development cooperation, reaffirming the eradication of poverty as "*the primary and overarching objective of EU development cooperation in the context of sustainable development, including the pursuit of the Millennium Development Goals (MDGs)*" and reaffirming that "*development is a central goal by itself; and that sustainable development includes good governance, human rights and political, economic, social and environmental aspects*"; and, finally, reaffirming the EU's "*commitment to promoting policy coherence for development, based upon ensuring that 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*" (OECD, 2005b). The European Consensus on Development, thus, elaborated a common vision of action, drawing from the results of the evolution of the development policy within the European Union and that aligns the EU's development policy with the 2030 Agenda for Sustainable Development, aiming at integrating economic, social and environmental dimensions of sustainable development (European Commission, 2006a). Furthermore, it reaffirmed that "*EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice*"; and it reaffirmed the ownership of development strategies, the in-depth political dialogue, and the participation of civil society as common principles (OECD, 2005b).

The 21st century, therefore, started with an increased attention to the development of developing countries, due to an increasingly globalised and interdependent world. The challenges brought about by this new international system urged for the eradication of poverty and the pursuit of sustainable development all over the world. As we have seen, these objectives have been the focus of a multiplicity of actors, from the EU and its Member States, to the UN, WTO, OECD. With the Cotonou Agreement, and the subsequent EPAs, a direct

link between trade and development had been established, and the European Union committed to meet its responsibility in the attainment of these widely recognized goals and to improve the effectiveness of its development policy.

2.2 POLICY COHERENCE FOR DEVELOPMENT

2.2.1 The historical context of PCD

The 1990s proved to be a critical moment for development policy, since many criticisms arose around the effectiveness and efficiency of development cooperation, in particular due to the fact that the Official Development Assistance (ODA) decreased substantially during the course of the decade (Ashtoff, 2005). Moreover, globalization produced both new opportunities and new risks at the international level, which required the development of a global governance to tackle interconnected issues (Ashtoff, 2005). As a result of this increasing interconnectedness, all domestic policies had an impact at the international level.

The call for policy coherence thus emerged from this context, and the first official debates arose at the occasion of the High Level Meeting of the Development Assistance Committee (DAC) of the OECD in 1991, resulting in the recognition of the fact that non-aid policies, such as trade, agriculture, migration, environment and so on, could render aid more effective (Carbone, 2008; OECD/DAC 1991). The following year, policy coherence was enshrined in the Treaty of Maastricht under Article 130v (now Article 208 of the TFEU, under the Treaty of Lisbon), that compels the Community to take account of its development objectives in the policy that it implements which are likely to affect developing countries (Art. 208 TFEU; Orbie, 2005). Moreover, Article C of the Treaty of Maastricht established that "*the Union shall in particular ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies*" (Title I, Common Provisions, Article C, Treaty of Maastricht, 1992).

Carbone states that, usually, the literature considers policy coherence as an internal factor shaping domestic policies (Carbone, 2008). However, "*with globalization, not only has the distinction between internal and external policies become blurred, but the interplay between different policies also involves the regional and global level*" (Carbone, 2008). At the international level, the renewal of the call for policy coherence for development was reaffirmed in the DAC report *Shaping the 21st Century* of 1996, and later in the DAC's

Guidelines on Poverty Reduction of 2001 (OECD/DAC, 1996; OECD/DAC, 2001). A series of UN conferences succeeded during the 1990s, namely the Rio de Janeiro Conference on environment and development in 1992, the Copenhagen Conference on social issues in 1995, the Beijing Conference on gender equality in 1995, contributing to the debate on development (Carbone, 2008). Moreover, the UN Millennium Declaration of 2000 and the deriving MDGs, emphasized the multidimensional nature of sustainable development, including the crosscutting of different issues, such as security, respect of human rights, democracy and good governance, poverty reduction, protection of the environment (Ashtoff, 2005). Also the World Bank and the International Monetary Fund engaged in the promotion of a more comprehensive development, through the adoption of the *Poverty Reduction Strategy Papers* (PRSPs) in 2001, whose aim was to review a country's "*macro-economic, structural and social policies and programs over a three year or longer horizon, to promote broad based growth and reduce poverty, as well as associated external financing needs and major sources of financing*" (World Bank, 2001; Craig and Porter 2003).

At the European level, however, whilst the inclusion of the three-Cs concept, including coherence, in the Treaty of Maastricht, little progress was achieved in practical terms. As a consequence, several Non-Governmental Organizations (NGOs) launched a series of campaigns, in order to draw attention on coherence from the part of EU institutions, and in particular of the European Commission (Carbone, 2008). However, it was only from 1999, with Nielson as EU Commissioner for Development and Humanitarian Aid under the Prodi Commission, that coherence began to be at the centre of policy debates (Carbone, 2008). The core objective of the European Union is to ensure sustainable development, as well as to reduce extreme poverty.

The development agenda had been substantially reformed during the early years of the 21st century, as we analysed in the previous section of this chapter, and had been inspired by the MDGs. The mid-2000s, in particular, had been characterized by an increasing focus on the concept of Policy Coherence for Development and, in particular, it was included in the package of initiatives of the Commission resulting from the Millennium+5 Summit of 2005, as well as in the European Consensus on Development of 2006, and described as a key mechanism to enhance the EU contribution to the achievement of the MDGs (European Consensus on Development). Furthermore, the European Consensus on Development committed the EU to carry out a process of reporting on PCD every two years: the first

reports on PCD progress were issued in 2007 (European Commission, 2007) and 2009 (European Commission, 2009a) (Barry, King and Matthews, 2010). The first report issued by the Commission severely criticized the progress achieved on the PCD commitments, even though it was recognized the increasing level of awareness about the issue (Carbone, 2008).

At the international level, the OECD had been the forerunner in the promotion of PCD. According to the widely accepted OECD's definition, PCD means "*taking into account of the needs and interests of developing countries in the evolution of the global economy*" (OECD 2003; Carbone, 2009). In response to the increasing inequalities brought about by globalization and to the widening gap between rich and poor, the international community enhanced its efforts in aid delivery, increasing the amount of ODA from 52 billion in 2000 to 104 billion in 2006 (DAC 2008; in Carbone, 2008). However, it was recognized that development assistance was not enough to attain the MDGs, and, more broadly, to reduce poverty. As a matter of fact, since poverty has multiple causes, development policy alone is not sufficient to achieve the overarching objective of the European Union (Ashtoff, 2005). Other issues are related to it, and therefore other policies have to be taken into consideration, along with development policy, such as for example trade, agricultural or migration policies (Ashtoff, 2005). In 2005, following the Council's conclusion, the EU committed to PCD in twelve policy areas, namely Trade, Environment, Climate Change, Security, Agriculture, Fisheries, Social Dimension of Globalisation, employment and decent work, Migration, Research, Innovation, Information Society, Transport and Energy (Council, 2005). In line with the Council's Conclusion, a first report on the progress on PCD was issued by the Commission in 2007.

According to Di Francesco, policy coherence can be intended as both an outcome, meaning what is achieved, and as a process, meaning how it is achieved (Di Francesco, 2001). When intended as an outcome, policy coherence means the absence of incoherences, that means of inconsistencies between and the mutual impairment of different policies (Ashtoff, 2005): this negative connotation of policy coherence has been defined in terms of "*policy consistency*" by the OECD/DAC, meaning "*avoiding policies that conflict with reaching for a given policy objective, in this case international poverty reduction*" (OECD/DAC, 2001). On the other side, policy coherence as an outcome may also be defined in positive terms as "*the interaction of policies with the aim of achieving overriding objectives*" (Ashtoff, 2005).

2.2.2 Definitions and types of coherence

Policy coherence is one of the hotly debated concepts at EU level, since, whilst being one of the priorities of EU development policy, it is a relatively new concept and it still lacks a uniform and clear definition (Hoebink, 1999; Ashtoff, 2005). Hoebink refers to the definitions given by dictionaries, in which he found out that coherence has long been considered as a synonym of consistency, meaning "*free from self-contradiction*" (Concise Oxford Dictionary; The Wordsworth Concise Dictionary; Van Dale, the Dutch Dictionary). The OECD stated that policy consistency "*means (...) avoiding policies that conflict with reaching for a given policy objective, in this case international poverty reduction*" (OECD/DAC, 2001). Whilst the frequent interchangeable use of the two terms, consistency, intended as the absence of contradictions, is rather considered as a prerequisite for coherence, which in turn involves also the establishment of synergies (Gebhard, 2017; Gauttier, 2004). The debate around the two concepts thus resulted in the recognition of consistency as being a precondition of policy coherence, and coherence as having a positive meaning the establishment of interactions among the different agents in policy formulation in order to produce a combined effect in view of achieving policy goals.

From these assumptions, Hoebink defined coherence as "'*the non-occurrence of effects of policy that are contrary to the intended results or aims of policy'. For this purpose coherence can be defined either narrowly or broadly. A narrow definition would be that objectives of policy in a particular field may not be undermined or obstructed by actions or activities in this field; and a wide definition would be that objectives of policy in a particular field may not be undermined or obstructed by actions or activities of government in that field or in other policy fields*" (Hoebink, 1999). In relation to development, Fukusaku and Hirata define policy coherence (PCD) as "*the consistency of policy objectives and instruments applied by OECD countries individually or collectively in the light of their combined effects on developing countries*" (Fukusaku and Hirata, 1995). Picciotto, referring to the latter definition, explains that PCD is made up of four types of coherence:

- "*Internal coherence: the consistency between goals and objectives, modalities and protocols of a single policy or program carried out by an OECD government in support of development;*
- *intra-country coherence: the consistency among several aid and non-aid policies of an OECD government in terms of their combined contribution to development;*

- *inter-country coherence: the consistency of aid and non-aid policies across several OECD countries in terms of their aggregate contribution to development;*
- *donor-recipient coherence: the consistency of policies adopted by richer countries collectively and poor countries individually or collectively to achieve shared development objectives*" (Picciotto, 2005).

Another meaningful definition of PCD is given by Ashtoff, who affirms that it means "*the absence of incoherences, which occur when other policies deliberately or accidentally impair the effects of development policy or run counter to its intentions*", and also "*support for development policy from other policies or as the interaction of all policies that are relevant in the given context with a view to achieving overriding development objectives*" (Ashtoff, 2005). As all these definitions suggest, literature on PCD lacks a common vision of the principle, whilst there is agreement on its purpose of aligning the development policy of the European Union with the development policies of developing countries in order to improve the quality of aid and the effectiveness of development cooperation (Ashtoff, 2005).

A first important classification, agreed by most of the literature, has to be made in relation to the concept of policy coherence, and that dates back the Single European Act (SEA) of 1987; on the one hand, Article 30 (2)(d), states that "*the High Contracting Parties shall endeavour to avoid any action or position which impairs their effectiveness as a cohesive force in international relations or within international organizations*", thus relating the Common Foreign and Security Policy (CFSP) with the other policy areas of the Union. On the other hand, Article 30(5) stated that "*the external policies of the European Community and the policies adopted by the European Cooperation Policy shall be consistent*" (Gauttier, 2004). These articles provided for the future distinction between the two main types of coherence for development, namely horizontal coherence, meaning the consistency between aid and non-aid policies in view of an increased effectiveness in development cooperation, and vertical coherence, between the European Union and the Member States (Carbone, 2008).

Taking into account the horizontal-type of coherence, the call for Policy Coherence for Development arose mainly as a result of a series on incoherences between EU development policy and other policies. Ashtoff states that there are two ways in which the other policies of the EU may undermine the effects of development policy: on the one hand, the other policies' interests prevail over the ones of development policies, resulting in asymmetries between development policy's goals and practical results (an example may be

the possible inconsistencies between export promotion and labour market interests and country allocation of development aid). On the other hand, other policies may contradict development policy's objectives or undermine its effects, like for example import restrictions on agricultural or industrial products from developing countries, or also fisheries agreements that threaten coastal fishing in partner countries (Ashtoff, 2005).

Another important distinction has to be made between the conceptualisation of coherence as an outcome on the one side, or as a process, on the other side. According to Carbone and Di Francesco, policy coherence can be intended as both an outcome and a process. They define the outcome as "*what is achieved*", and the process as "*how it is achieved*". Di Francesco considers policy coherence as a procedural value, in the management of the policy process through which coordination is achieved to address the inconsistencies that arise in the policy making context (Di Francesco, 2001).

According to the OECD, policy coherence is a process, more accurately as a cycle, characterised by three distinct phases. Policy coherence is a prerequisite for Policy Coherence for Development, the latter involving that development is sufficiently considered in all the phases of the cycle (OECD, 2009). Policy Coherence for Development is intended as the process through which different policies work jointly for the achievement of development goals (OECD, 2009). The cycle starts from "*efforts to work towards PCD (inputs), through institutional arrangements and processes, to policies (outputs) to changes in behaviour (outcomes) and ultimately to impacts in developing countries*" (OECD, 2009). The first phase of the cycle is the one in which the objectives of the different policies are set and prioritised through political commitment and policy statements; the second phase regards the coordination of policies and their implementation through policy coordination mechanisms; and the third phase is the monitoring, analysis and reporting phase, in which impacts of policies are assessed and evidence and best practices are collected, in order to provide information to policy makers that will use it to refine their policy instruments and re-prioritise their objectives (OCED, 2009): "*assessing progress towards PCD should be based on an explicit model of how policy processes lead to policy outputs and ultimately to policy impacts, with efforts made to collect data for each stage of the results chain*" (OECD, 2009).

Similarly, Foster and Stokke consider this distinction in defining policy coherence: on the one hand, the "*state of affairs*" perspective takes into account the outcome resulting from the fact that a policy's objectives "*within a given framework, are internally consistent*

and attuned to objectives pursued within other policy frameworks of the system – as a minimum, these objectives should not be conflicting (...) and where the outcome is corresponding to the intentions and objectives, it should, as a minimum, not conflict with these" (Foster and Stokke, 1999). On the other side, the "*process perspective*" starts from the definition of the policy objectives and more attention is given to the procedures, institutions and instruments of the policy making process, rather than to the content of the policies, and to the extent to which the governmental commitments to policy coherence are translated into institutional action (Foster and Stokke, 1999).

After having analysed the definitions and types of coherence, it is important to understand why the call for coherence arose in the first place. Incoherence is considered the main reason for which coherence is sought (Foster and Stokke, 1999). However, a certain level of incoherence is unavoidable, firstly because the policy makers cannot design policies that offer solutions for all the parties involved and achieving all the set goals, and secondly because governments are highly fragmented and compartmentalised and the tasks are distributed among different institutions, whose work pursues different and often conflicting interests. And lastly, predicting the exact effects of a policy is most of the time an impossible task (Hoebink, 1999; Carbone, 2009).

Ashtoff identifies four main areas in which the causes for policy incoherence may arise. The area of "*societal and political norms*" includes norms of public participation, rights to local decision-making, moral beliefs, representation, and so on, that represent competing values, among which coherence is not always the most important one (Ashtoff, 2005). In the area of *political decision-making*, at national level it is commonplace to have different political interests, most of the time competing with each other in order to gain major influence in the decisional process. Moreover, with globalization, the diversification of political interests has increased, because of the interconnectedness of societies that makes it easier to exert political pressure in other countries, as well as the deriving decentralization at national governmental level, that increases the number of negotiation levels to be taken into account.

The European Union is a particular case, since there is a set of policies, namely foreign trade, agricultural and fisheries policies, of exclusive competence. The Member States, while adopting their national policies, must take into account also the EU policies, in order to avoid incoherences (Ashtoff, 2005). More specifically in relation to development policy, it is "*more likely to be confronted with incoherences than other policies because its*

objectives frequently do not correspond to short-term or immediate interests of the donor countries and in the domestic debate it may soon be forgotten that development cooperation is very much in the donors' overriding and long-term interests" (Ashtoff, 2005). In the area of *policy formulation and coordination*, incoherence may be caused by unclear strategies, priorities and objectives, rendering the structure (meaning the distribution of responsibilities and the role of the government) and process of policy coordination (meaning the exchange of information and the monitoring of policies' effects) unable to work effectively (Ashtoff, 2005; Carbone, 2008). Furthermore, in the 21st century, the scope of the development agenda has widened, including not only aid but also other dimensions, such as social justice, economic efficiency, political stability and good governance and environmental protection, with the overarching objective of achieving sustainable development (Ashtoff, 2005). Therefore, at the *conceptual level*, the chances that incoherences arise increase, because policies impact not only development objectives but also many others (Ashtoff, 2005).

2.2.3 PCD in the OECD: The Launching of the Concept

The Organization for Economic Cooperation and Development (OECD) has been the pioneer of the promotion of the concept of PCD at the international level since the early 1990s. As a matter of fact, PCD has been discussed for the first time during the Development Assistance Committee's (DAC) High-Level Meeting of 1991, in which the call for greater coherence in the policies of OECD Members reflected the changed international context following the end of the Cold War and the implications it had on North-South relations (Verschaeve, Delputte and Orbie, 2016). The DAC Secretariat designed four points on which the OECD agenda should have focused: provide a clear definition of PCD; develop a methodology to assess the cost of policy incoherence; identify best practices in the promotion of PCD; and promote horizontal work within the OECD on issues linked to PCD (OECD/DAC, 1991; Verschaeve, Delputte and Orbie, 2016).

Nevertheless, despite the principle had been included in the international debates related to the improvement of the effectiveness of development policies, during the 1990s, little efforts were made to translate the commitments into practice (Foster and Stokke 1999; Carbone 2008). However, the commitments toward PCD continued to be promoted during the decade (Verschaeve, Delputte and Orbie, 2016). As a matter of fact, in 1996, the DAC issued the report "*Shaping the 21st century*", in which, with the approximating of the new century, it

called for a review of the achievements reached in development cooperation, in order to design new strategies for the future, and renewed the priority to respond to extreme poverty and increase prosperity and growth in developing countries, with the overarching goal of reaching locally owned sustainable development, based on integrated strategies that incorporate economic, social environmental and political elements (OECD/DAC, 1996). It recognized that development assistance, whilst still a fundamental means of development cooperation, was not anymore sufficient, since in many policy areas the industrialized countries could either favour or undermine development strategies: it concluded that "*the ramifications and opportunities of policy coherence for development now need to be much more carefully traced and followed through than in the past*" (OECD/DAC, 1996). The principle, however, still lacked a clear definition and specific methods to be implemented.

The early years of the 21st century did not improve much the situation: the main progresses made at the OECD level were represented, firstly, by the adoption of the DAC Guidelines on Poverty Reduction in 2001, and the dedicated section "*Towards Policy Coherence for Poverty Reduction*", in which a checklist of issues regarding the impact on development was delineated to serve as a point of reference for Member governments(OECD/DAC, 2001); and secondly, by the inclusion of a chapter specifically centred on PCD within the DAC's Peer Reviews, established with the primary aim of improving the effectiveness of development assistance, through the assessment of each OECD member's ODA system (OECD/DAC, 2002a; Verschaeve, Delputte and Orbie, 2016).

It was only from 2007, that PCD acquired more relevance: the OECD established a specific PCD unit, whose task was that of enhancing PCD at three interconnected levels: among OECD members, determining the costs of policy incoherence and the benefits of policy coherence; within the OECD itself, monitoring its work and assuring coherence with development objectives; and with partner developing countries, supporting them in adopting coherent strategies for development[15]. In 2007 and 2008 the DAC, according to the results obtained in the peer reviews, published several reports regarding the institutional instruments that would promote PCD (Verschaeve, Delputte and Orbie, 2016). In 2011, the Ministerial Council of the OECD proposed to design an OECD strategy for Development, that was adopted in 2012, and stated that "*enhancing Policy Coherence for Development (PCD) is one of the primary objectives of the strategy. (...) The Strategy will seek to deepen the*

[15] OECD, About PCD and the SGE/PCD Unit, OECD official web page: http://www.oecd.org/pcd/aboutpcdandthesgepcdunit.htm.

Organisation's work on PCD to develop more systematic approaches to evidence-based analyses on the costs of incoherent policies as well as on the benefits of more coherent policies. The OECD will work with partner institutions to develop robust PCD indicators to monitor progress and assess the impact of diverse policies on development" (OECD, 2012b). The following year, in a review paper of the implementation of the Strategy, the OECD accounted for the application of new tools for the promotion of PCD, namely the International web-based Platform on PCD, and a toolkit for PCD's self-assessment (OECD, 2013).

The 2015 represented a turning point in development cooperation, since the Millennium Development Goals came to an end and a Post-2015 development agenda was adopted, setting new goals for the eradication of poverty and the achievement of sustainable development defined as "*development that meets the needs of the present without comprising the ability of the future generations to meet their own needs*"[16], in all its three dimensions, social, environmental and economic. In addition to address the MDGs in new ways, the Post-2015 agenda widened its target, shifting from goals focusing on merely low income countries to goals applicable to all countries, including OECD Members (OECD, 2015).

The OECD published the "*Policy Coherence for Sustainable Development (PCSD) Framework"*, that would serve as a practical guide that would help governments of OECD Members in enhancing policy coherence for the Sustainable Development Goals' (SDGs) achievement, on the basis of analysis and designing of tools for coherence and subsequent evaluation of progress (OECD, 2015). Sustainable Development Goal 17, in particular, aims at "*strengthening the means of implementation and revitalize the global partnership for sustainable development*", according to "*Institutional and Policy Coherence*" as one of the Means of Implementation (MoI) (OECD, 2015).

According to the PCSD Framework, Policy Coherence for Sustainable Development needed to draw from the results and experiences matured up until that time, but also to move beyond the traditional approaches to enhance PCD. More specifically, the following lessons could be drawn from the OECD Strategy on Development: the need "*to move away from an emphasis on the donor's role only to engaging key actors and stakeholders among advanced, emerging and developing countries; changing the PCD narrative from an emphasis exclusively on the negative impacts of non-aid policies ("do no harm") towards more*

[16] World Commission on Environment and Development, (Brundtland Commission), 1987, Our Common Future, Oxford University Press, Oxford, United Kingdom

proactive approaches; shifting the focus from sectoral to cross-sectoral approaches; moving from unclear objectives to an 'issues-based' focus on common challenges" (OECD, 2014). As a result of the increasing interconnectedness deriving from globalization, it was considered necessary to build synergies among a broader range of actors, including donor but also developing countries, and sectors (OECD, 2015).

The OECD described in the *PCSD Framework* the analysis that has to be carried out during the policy-making process, in order to achieve PCSD, defined as "*an approach and policy tool to integrate the economic, social, environmental and governance dimensions of sustainable development at all stages of domestic and international policy making. It aims to increase governments' capabilities in fostering synergies across economic, social and environmental policy areas, identifying trade-offs and reconcile domestic policy objectives with internationally agreed objectives and addressing the spillovers of domestic policies*" (OECD, 2015). The framework required a series of analysis level, in particular: considering the key actors, in both the developed and developing countries, and at all levels, including civil society, international organisations, policy-makers and so on, in order to identify their specific role for enhancing PCD; taking account of the different sources of finance and financial instruments, characterized by a proliferation of public, private, domestic, bilateral and multilateral sources of financing, in order to identify complementarities among them; the identification of the policy inter-linkages, meaning the channels through which policies influence one another, as a result of interactions between the different policies' goals, and the identification of synergies among the different policies, in order to develop an integrated approach; the identification of non-policy drivers, the social, political, environmental and institutional factors that undermine (disablers) or favour (enablers) the achievement of sustainable development (for example trade barriers, conflict, corruption and so on); and finally taking into account each country's policy impacts both in other countries and on future generations, in order to determine policy effects (the economic, social and environmental impacts resulting from the implementation of policies) (OECD, 2015).

Furthermore, the *PCSD Framework*, according to the results derived from the peer reviews, as well as the *Recommendation of the OECD Council on Good Institutional Practices in Promoting Policy Coherence for Development adopted in 2010*, outlined useful mechanisms for national governments and policymakers for promoting and implementing PCSD at national level:

- First of all, it is important to design a strategic policy framework, so that policies in various areas are coherent with the government's priorities for the achievement of the SDGs (OECD, 2015). The strategic framework should include: a common understanding on sustainable development and on PCSD, and therefore raising awareness among all relevant stakeholders, such as policy makers, parliamentarians, Heads of State, local authorities, and citizens; setting the priorities in accordance with the SDGs at high political level; pursuing a multi-stakeholder involvement, including the government departments, parliamentarians, civil society, business and industry that would result in a "*whole-of-government/whole-of-society*" perspective, as well as partner countries; setting country-specific national targets and governmental objectives, in accordance with the global goal of achieving the SDGs, and acknowledging the policy inter-linkages as well as the three dimensions of sustainable development; and, finally, integrating sustainable development into sectoral policies, through an assessment mechanism of the performance of sectoral policies with regard to sustainable development (OECD, 2010; OECD, 2015).
- Secondly, an institutional framework needs to be established, in order to guarantee political commitments at high political level, and define long-term policy objectives. The political commitments should be clear and make public, in order to raise awareness among civil society, organizations and partner countries. Moreover, it is important to ensure national coordination practices for PCSD: at the central, ministerial and sub-national levels of government (OECD, 2010; OECD, 2015). Decision making should also be an informed process, through the monitoring, the collection of evidence about the impact of policies, the elaboration of the evidences in order to report back the results to policy makers. Reports should be published on the progress made on PCSD, to enhance transparency and accountability (OECD, 2010; OECD, 2015). Finally, another key tool of the institutional framework is the budgetary process, through which policies objectives are translated into practice: resources should be allocated according to the government's priorities, considering the inter-linkages between policies, in view of the longer-term, overall goal of sustainable development. To do that, it is necessary to bring together staff from different policy sectors, in order to develop a cross-sectoral collaboration (OECD, 2010; OECD, 2015).

In conclusion, the PCSD Framework provided for a guidance of methods and recommendations for implementing coherence in the Post-2015 Agenda, that can be summarized in five complementary levels: coherence between global goals and national contexts; coherence among international agendas and processes, including the MDGs, the various UN Conferences linked to development, the G20 and other international fora; coherence between economic, social and environmental policies; coherence between different sources of finance, including public, private, international and domestic funding; and finally coherence between diverse actions of multiple actors and stakeholders, such as governments, the private sector, civil society, regional and international organizations (OECD, 2015).

2.2.4 PCD in the EU

As analysed in the previous sections of this study, it has been since the very creation of development cooperation that the debate around the need of taking into account the policies of the European Community in favouring or undermining development (Carbone and Keijzer, 2016). But it was not until the 1990s that the concept of PCD began to receive adequate attention in the EU policy-making process (Carbone and Keijzer, 2016). The Treaty of Maastricht provided the first legal basis for PCD, even though the term was not yet used: as a matter of fact, Article 130v stated that "*The Community shall take account of the objective referred to in Article 130u in the policies that it implements which are likely to affect developing countries*" (Title XVII, Art. 130v, Treaty of Maastricht, 1992; now Title III, Chapter 1, Art. 208(1) TFEU, under the Treaty of Lisbon, 2009). Article 130u, therefore, refers to the objectives of the European Community's development policy: "*1. Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster: the sustainable economic and social development of the developing countries and more particularly the most disadvantaged of them; the smooth and gradual integration of the developing countries into the world economy; the campaign against poverty in the developing countries. 2. Community Policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respect for human rights and fundamental freedoms*" (Title XVII, Art. 130u, Treaty of Maastricht, 1992). Moreover, at article C of the Common Provisions of the Treaty, it is stated that: "*The Union shall in particular ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies. The Council and the Commission shall be*

responsible for ensuring such consistency. They shall ensure the implementation of these policies, each in accordance with its respective powers" (Title I, Common Provisions, Art. C, Treaty of Maastricht, 1992; European Commission, 1994).

The call for Policy Coherence for Development initially responded to the need of sustaining the declining of ODA, by paying attention to the negative effects that non-aid policies could have on development in developing countries (Carbone and Keijzer, 2016). At the turning of the new century, whilst the EU was the largest ODA donor, it became evident that it was necessary to take account of different policies, in order to achieve the MDGs, established in 2000: the set goals included not only the reduction of poverty and economic growth, but referred to other aspects of development linked to education, gender equality, environment protection, health improvement (Carbone and Keijzer, 2016). ODA was not sufficient anymore to foster development in developing countries, but non-aid policies could deeply affect it (Carbone and Keijzer, 2016).

The importance of PCD was stressed, as we have seen, in numerous institutional documents: in particular, in 2005, the Commission published a communication in which it identified 12 "*priority areas*" in which "*the challenge of attaining synergies with development policy objectives is considered particularly relevant. All these areas have a direct relationship with one or more MDGs*" and "*for each of these priority areas the Commission has defined general orientations, or 'coherence for development commitments', that would contribute to a possible acceleration of progress towards the MDGs*" (European Commission, 2005b). The twelve policy areas were: trade; environment; security; agriculture; fisheries; social dimension of globalisation, employment and decent work; migration; research and innovation; information society; transport; energy (European Commission, 2005b). On the EU's achievements in these twelve areas, the Commission, under the Council's invitation, engaged in the preparation of biennial reports, the first two, as we have seen, published in 2007[17] and 2009[18] (ECDPM, 2010).

In 2006, then, the commitment to PCD was reinforced by the European Consensus on Development by "*ensuring that the EU takes account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries,*

[17] European Commission (2007). EU Report on Policy Coherence for Development, COM (2007) 545, 20 September.
[18] European Commission (2009a). EU Report on Policy Coherence for Development, SEC (2009) 1137, 17 September.

and that these policies support development objectives" (European Commission, 2006a). The EU based its action towards the promotion of PCD on the work of the OECD DAC, and in particular on the Peer Reviews, in which the OECD distinguished the three "*building blocks*" of the PCD cycle: (i) setting and prioritising objectives; (ii) coordinating policy and its implementation; (iii) monitoring, analysis and reporting (OECD, 2008). In 2009, the Treaty of Lisbon modified the Treaty of Maastricht, and extended the commitment to PCD from the "Community" to the "Union" (Carbone, 2012): Article 208 of the Treaty on the Functioning of the European Union (TFEU) states that "*The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries*".

Furthermore, in order to improve the Union's efforts in the promotion of PCD, in 2009 the twelve "*priority areas*" were reduced to five by a Commission's Communication: trade and finance; addressing climate change; ensuring global food security; making migration work for development; promoting security and building peace for development (European Commission, 2009b). It followed the Council Conclusion on PCD, in which the Council invited the Commission and the Member States and other relevant stakeholders, to elaborate a PCD Work Programme, that would be focused on these five priority areas and that would outline the roles of the EU institutions and Member States; its objectives should be to: "*1. Outline how the EU through all its relevant policies, processes and financial means will address the five priority issues selected harnessing the development potential of its policies; 2. Create a political momentum from all relevant policy areas with an impact on the five priority issues; 3. Establish a clear set of objectives, targets and gender disaggregated indicators to measure progress in the selected priority areas; 4. Facilitate engagement in and inclusion of PCD in dialogue with partner countries around the selected priority areas*" (Council, 2009). Therefore, the PCD work programme provided EU institutions and Member States with a guidance for the targets and indicators to monitor progress towards the PCD objectives in the five priority issues (European Commission, 2010).

2.3 KEY EU INSTITUTIONAL ACTORS AND MECHANISMS FOR THE PROMOTION OF PCD

In order to effectively promote PCD, it is necessary, on the one hand, to strengthen coherence between the policies affecting developing countries, throughout the formulation of

policies (ex-ante arrangements), and, on the other hand, to address the existing incoherences between policies (ex-post arrangements) (ECDPM, 2007). On the basis of the OECD "building blocks" of the PCD cycle, the European Centre for Development Policy Management (ECDPM) identified three main types of mechanisms for the promotion of PCD at EU level:

1. *Explicit policy statements of intent*, the most commonly used type of mechanism, are official policy statements or strategy papers of national government administrations, and civil society stakeholders in the EU Member States, that promote PCD as an overarching priority and maintain it on the agenda. It is often common the case of inter-ministerial statements and strategies on a specific thematic area that is relevant to development, rather than having a general commitment to PCD;
2. *Administrative and institutional mechanisms*, are the mechanisms that put into practice the policy commitments made at national and international level. Such mechanisms vary from country to country, but some examples may be the establishment of inter-ministerial structures that allow for the establishment of synergies among different ministry departments and for the exchange of information regarding different policies, with a view to ensure more coherence between them (inter-departmental coordination committees and specialist coherence units);
3. *Knowledge-input and knowledge-assessment mechanisms*, include information and evidences gathering concerning the effects of EU policies on developing countries, in order to provide with consistent and relevant knowledge useful for the analysis and elaboration of policies. Civil society stakeholders are key to sharing relevant information. Knowledge inputs provide mainly ex-ante insights and evidence on PCD through reports and academic research and analysis. The assessment of impacts is instead the analysis of the effects of policies with regard to PCD and the identification of best practices, like for example the OECD Peer Reviews, or the EU biannual reports (ECDPM, 2007).

ECDPM	OECD
Explicit policy statements of intent	Political commitment: setting, prioritising and articulating objectives
Administrative and institutional mechanisms	Ensuring effective policy coordination
Knowledge-input and knowledge assessment mechanisms for analyses and assessing impact	Improving implementation, monitoring, analyses and reporting

Table 1: ECDPM and OECD approaches to analyzing and understanding PCD components. Source: ECDPM (2007)[19].

In order to analyse the specific mechanisms used, it is useful to delineate the main institutional actors and their role in promoting PCD. The commitment towards PCD has been taken on by the European Commission, the Council of the European Union and the European Parliament, thus involving all the levels of the policy-making process, from the designing and adoption of a policy proposal by the Commission, through the legislative process by the Council and the Parliament to the implementation, monitoring, evaluation and review of the impacts of the policies (European Commission, 2015).

[19] ECDPM (2007), *Evaluation Study on the EU Institutions and Member States' Mechanisms for Promoting Policy Coherence for Development*, European Centre for Development Policy Management (ECDPM).

2.3.1 Actors and relative mechanisms

Institution	Key PCD actor
European Commission	President and the College of Commissioners
	Commissioner for Development
	DG DEVCO
	HR and Vice-President of the Commission
Council of the EU	Foreign Affairs Council
	HR
	Committee of Permanent Representatives
	Working Party on Development Cooperation
	Council Presidency
European Council	President
European Parliament	Committee on Development
	PCD Standing Rapporteur
European External Action Service	HR
	Development Cooperation Coordination Division

Source: Stroß, S. (2014).

European Commission

As we have analysed in the previous section of this chapter, the Commission has always played an important role with regard to PCD. As a matter of fact, the Commission is charged with the designing and proposal of policies. Its institutional organisation is itself a tool for the promotion of PCD, since the political leadership of the Commission is hold by the so-called College of Commissioners of 28 members, led by the Commission President[20]: each Commissioner, one for each member country, is responsible for a specific policy area, and together they take decisions on the Commission's strategies and policies, thus requiring cross-cutting policy-making, and hence promoting PCD (European Commission, 2015). Moreover, the Commission is organised in departments, the Directorates-General (DGs), each under the responsibility of a Commissioner and each charged with the designing, implementation and management of a specific policy area (European Commission, 2015). As we have seen, through the 1990s and early 2000s, the Commission has come through a series of reforms in the area of development policy. The Directorate General for International cooperation and development (DG DEVCO) is responsible for defining the development policy and for implementing aid, and it is composed of eight Directorates[21]. The Commissioner for

[20] European Commission, Political leadership, European Commission official web page: https://ec.europa.eu/info/about-european-commission/organisational-structure/political-leadership_en.
[21] European Commission, International cooperation and development, European Commission official web page: https://ec.europa.eu/europeaid/who/index_en.htm_en.

Development and his cabinet promote PCD both internally, in the College of Commissioners, and externally, at international meetings, through representing the EU development policy (Stroß, 2014).

In the PCD perspective, there are several other policies that affect development cooperation policy and have impacts on developing countries: these, in particular, fall under the responsibility of DG Trade, DG Enlargement, the Economic and Monetary Affairs DG, DG Environment, DG Energy and Transport, DG Justice, DG Freedom and Security[22]. DG DEVCO operates in strict collaboration with the other DGs, in order to enhance coherence. In addition to the DGs, the Commission relies also on service departments and executive agencies. In particular, the European External Action Service (EEAS), responsible for the EU Delegations in developing countries, defines EU external relations, and thus plays an important role in strengthening coherence between EU external action and EU development policy goals.[23]

Within DG DEVCO, a specific PCD-team is charged with the coordination across services, therefore across the other DGs, EEAS, and EU Delegations, as well as with the other institutions (Council and European Parliament)[24]. It is also charged with the drafting of the biennual report of the Commission and it evaluates the Commission agenda in order to assess policies that might have effects on developing countries (Stroß, 2014). Moreover, the thematic directorates in DG DEVCO have to implement the other EU sectoral policies, like trade, migration, climate change, energy etc., ensuring that they have positive effects on development (ECDPM, 2011).

The EU Delegations in third countries are also key, having the mission of ensuring that EU decisions are implemented and of fostering local coordination with the Member States through PCD reporting (ECDPM, 2014b). The High Representative for Foreign Affairs and Security Policy (HR), who is also the Vice President of the Commission, also plays a key role in promoting PCD, since she is charged with carrying out the project "Europe in the World", coordinating the Commissioners in charge of external relations portfolios, and

[22] European Commission Factsheet: The EU and development aid: a longstanding resolution.
[23] European Commission, International cooperation and development, European Commission official web page: https://ec.europa.eu/europeaid/relations-eeas-eu-institutions-and-member-states_en.
[24] European Commission, International cooperation and development, European Commission official web page: https://ec.europa.eu/europeaid/policies/policy-coherence-development_en.

chairing the Commission's Group on External Action to deliver a common approach for EU action on the world stage.[25]

Coherence throughout the Commission is promoted through various mechanisms:

- *Stakeholders meetings*: for example consultations between the Commissioners and Member States experts, and interest groups from civil society (e.g. NGOs);
- *Inter-Service Consultations (ISC)*: both informal and formal meetings between the various services, in order to ensure the cooperation among them and thus contributing in promoting PCD; the leading DG, responsible for drafting the policy proposal, requires formal opinion of the other DGs and services that may be related to the policy;
- *Impact Assessment Process*: IAs are the tools that assess policy outcomes in developing countries, and permit to gather information about how EU policies affect developing countries (ECDPM, 2007); they provide policy makers with ex-ante assessments of proposals by the Commission, allowing to take account of the possible policy impacts on developing countries at the early phases of the policy-making process. Also ex-post evaluations of the impact of EU policies on developing countries, based on the collection and analyses of evidences are important mechanisms to allow an informed-based approach to policy-making;
- *Country and Regional Strategy Papers*: these are specific reports that analyse domestic political, institutional and security situation of developing countries, in order to assist them in the achievement of the SDGs (European Commission, 2006b);
- The specific *PCD Unit* within the DG DEVCO, charged with the follow-up of PCD commitments and, in particular, it ensures that DG DEVCO comments are taken into consideration by the other DGs concerning their policy proposals that are considered to affect developing countries; it also prepares the Biennial EU PCD Report (European Commission, 2007);
- *Biennial EU PCD Report*: it has the aim of monitoring progress on PCD in different policy areas; as we have seen, the first two reports date back 2007 and 2009;

[25] European Commission, International cooperation and development, European Commission official web page: https://ec.europa.eu/europeaid/policies/policy-coherence-development_en.

- *EU Delegations* reporting on PCD: they are crucial for reporting the impacts of EU policies on developing countries, providing evidences and feedbacks (European Commission, 2015).

The Commission is responsible for elaborating policy proposals in different areas, among which the Commission Vice Presidents led clusters and synergies; DG DEVCO held the main responsibility of promoting PCD (Van Scheik, Keading, Hudson, Ferrer, 2006). For what concerns the EU CFSP, it is the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission that ensures coherence between the various policy areas and a common action for EU external policy (European Commission, 2015)[26].

An evaluation of a PCD mechanism within the Commission: the Impact Assessments

The Impact Assessments procedure was introduced in 2002 by the European Commission, and it is a bureaucratic procedure through which it is assessed the likely impacts of the Commission policy proposals before they are adopted (ex-ante evaluations) (Adelle and Jordan, 2014). The Impact Assessment procedure is, therefore, used in all the Commission initiatives that are likely to have economic, social or environmental impacts, and provide policy makers with knowledge and evidence of the EU action and the positive or negative effects of EU policies (European Commission, 2015). The EU 2009 Report on Policy Coherence for Development defined it "*a powerful mechanism to promote PCD*" (European Commission, 2009c). Through the ex-ante IAs, the Commission identifies the likely positive and negative effects of its different policies through the consultations with civil society and through the cooperation among its various services and DGs (ECDPM, 2010).

The Commission published, in 2005 and 2009, its Guidelines on Impact Assessments: the latest version of 2009 states that "*Impact assessment promotes more informed decision-making and contributes to better regulatio*n" and that "*an impact assessment is required for the Commission initiatives that are likely to have significant economic, environmental or social impacts* [...] *Specific attention is given to re-distributional impacts and impacts on poverty and social inclusion, both in the EU and in third – especially developing – countries*" (European Commission, 2009d). The DG responsible for the policy initiative in consideration takes on the IA procedure: it firstly assesses whether an Impact Assessment is necessary and then it takes on the inception IA, in which the problem is

[26] European Commission Factsheet: The EU and development aid: a longstanding resolution.

outlined, along with the possible policy solutions. The inception IA is then published on the Commission's website, so that stakeholders can provide feedback on the problem revealed by the inception IA, followed by a consultation strategy prepared by a dedicated Inter-Service Group (ISG), in order to collect and analyse evidence and stakeholders feedbacks and inputs; on this basis, the draft of the IA report is submitted to the Regulatory Scrutiny Board (RSB) to be reviewed, and, in case of approval, it is then submitted to the Inter-Service Consultation (European Commission, 2009d). During the procedure, according to the Guidelines, the assessment of social impacts is conducted by trying to answer to some key questions: for what concerns development cooperation, the relevant questions refer to the social impacts on third countries of the policy proposals (ECDPM, 2010).

Whilst the Impact Assessment procedure responds to the call by the EU's Foreign Affairs Council for an evidence-based and results-oriented approach towards the promotion of PCD (Council of the EU, 2012), it has raised some criticism on its effectiveness, highlighting the disparity that exists between theory and practice (Adelle and Jordan, 2014). Empirical studies have showed that IAs has not substantially improved the promotion of PCD: an example concerns the Common Agricultural Policy (CAP), a particularly relevant case of PCD, due to the negative impacts it has on developing countries; it was revealed that the 2011 Impact Assessment report following the CAP reform did not outlined effectively the CAP impacts on third countries (European Commission, 2011; Carbone and Keijzer, 2016). Therefore, although the IA procedure has improved the monitoring and the evaluation of policy impacts on developing countries, it is not always an effective instrument for the promotion of PCD (Adelle and Jordan, 2014).

Carbone and Kejzer state that, in general, the goal of promoting PCD encounters different "*types of resistances*", since "*problems exist in translating commitments into results*" (Carbone and Keijzer, 2016). The first type of resistance raises due to the "*compartmentalisation of public policy*", meaning that the different policies that affect developing countries respond to different institutions, having different and clashing interests and goals (Carbone and Keijzer, 2016; Foster and Stokke, 1999; Ashtoff, 2005; Adelle and Jordan, 2014). The second type depends on the "*co-existence of intergovernmental and supranational policies*": the Member States are committed to different levels to development cooperation and they adopt distinct mechanisms to deal with cross-cutting policies (Carbone and Keijzer, 2016). The third type is linked to the developing countries' heterogeneity: their

levels of development is substantially different and, therefore, it is difficult to adopt an homogeneous approach to PCD, because EU policies may impact developing countries in very different ways (Carbone and Keijzer, 2016). Moreover, developing countries often lack sufficient knowledge on PCD and also information on EU policies, as well as the necessary expertise to deal with the EU and the capacity to act as a cohesive group (Carbone and Keijzer, 2016).

Council of the European Union

PCD has always been an important political commitment of the Council: as a matter of fact, the Council operates in a process of co-decision with the European Parliament for the adoption of EU policies, based on the Commission's proposals[27]. Since EU policies are co-decided in the Council, this institution has the task of ensuring that PCD is adequately addressed and implemented: "*the European Commission plays a more important role in the 'Commission-led' policies in shaping policy and by extension ensuring coherence, whereas in the 'member-state-led policies' the EU member states in the Council, and most notably the EU presidency, have a more prominent role in steering policies*" (Van Scheik, Keading, Hudson, Ferrer, 2006).

The Council, often referred to as the Council of Ministers, is organized in nine Council configurations, formed of ministers of each EU country in a specific policy area. The principal formation responsible for the EU external action, including development, trade and humanitarian aid and the Common Foreign and Security Policy and the Common Security and Development Policy, is the Foreign Affairs Council (FAC) (Stroß, 2014). It is chaired by the EU High Representative, and it ensures coherence among the other formations' work (Van Scheik, Keading, Hudson, Ferrer, 2006). An important role is also played by the rotating EU Presidency, since it determines the agenda of the Council meetings and can therefore provide the necessary inputs for the strengthening of PCD in the policy-making process (Van Scheik, Keading, Hudson, Ferrer, 2006).

The Council is supported by the Committee of Permanent Representatives (COREPER) and by working parties and committees called "Council preparatory bodies"[28]. COREPER is responsible for the preparation of the works of the Council and therefore it held the central role in the decision-making system (Art.240 TFEU). It has competences in all

[27] European Union, Council of the European Union, European Union official web page: https://europa.eu/european-union/about-eu/institutions-bodies/council-eu_en.
[28] http://www.consilium.europa.eu/en/council-eu/preparatory-bodies/

areas of the Council's work and it is considered by the Council itself "*the main forum for ensuring policy coherence*" (Council, 2006). Moreover, the Working Party on Development Cooperation (CODEV)[29] is a preparatory body, dealing with development cooperation policy and, in particular, with a variety of issues related to it, with the aim of enhancing PCD (European Commission)[30]. However, due to the Council's organisational multilayered structure, it is quite difficult to achieve significant results with regard to PCD: the sector logic often prevails (Carbone, 2008).

European Parliament

Also within the European Parliament (EP), PCD is gaining increasing relevance. The main organ responsible for PCD-related issues is the Development Committee (DEVE), established in 2010: it includes also a Standing Rapporteur, charged with drafting EP Reports on PCD (European Commission)[31]. The EP's 2014 PCD Report outlines mechanisms to increase the efforts towards PCD: it calls for the establishment of an arbitration system by the Commission, that should correct eventual divergences between EU policies; the Commission should also regularly provide ex-post IAs on development-related issues within its policies; and finally it calls for the establishment of an independent system of complaints at disposal of developing countries being affected by incoherences of EU policies (European Parliament)[32]. Furthermore, the EP also publishes a Resolution on the biennial Commission PCD report in which it usually outlines its priorities for ensuring coherence (European Commission)[33].

Member States

Since development cooperation policy is a shared competence between the EU and the Member States, the latter play an essential role in the promotion of PCD: they are responsible for ensuring PCD in their domestic policies and constant exchanges with EU institutions help raising awareness and taking on commitments towards PCD (European Commission)[34]. At the Member States level, the degree of commitment towards PCD varies greatly from country to country (ECDPM, 2013). PCD has to become a policy priority and maintained on the agenda by the national Parliament: pressure groups, lobbies and the

[29] http://www.consilium.europa.eu/en/council-eu/preparatory-bodies/working-party-development-cooperation/
[30] European Commission Factsheet: The EU and development aid: a longstanding resolution
[31] European Commission Factsheet: The EU and development aid: a longstanding resolution
[32] European Parliament (2015). Briefing. Policy Coherence for Development: still some way to go, Brussels. Available at the link: http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/556996/EPRS_BRI(2015)556996_EN.pdf
[33] European Commission (2015?) Factsheet: The EU and development aid: a longstanding resolution
[34] European Commission Factsheet: The EU and development aid: a longstanding resolution

Minister for Development Cooperation play a crucial role in the promotion of PCD at national level (ECDPM, 2013). Also the nature and the scope of the commitment varies, some countries adopting a more general commitment to PCD, while others more specific commitments on particular development-related issues (ECDPM, 2013).

In conclusion, in this Chapter we have analyzed the concept of Policy Coherence for Development, starting from the main definitions that stress the importance of distinguishing coherence from consistency. The former can be defined as the formation of synergies in order to achieve common goals in cross-cutting policy fields (Stroß, 2014). In relation to development, in particular, it means that, in order to achieve common objectives towards the reduction of poverty and the fostering of development in developing countries, it is important to establish synergies between development policy and other policy fields (Stroß, 2014).

The OECD has played an essential role in firstly calling for more coherence related to development, and PCD is still one of the priorities of its agenda. Within the EU, there has been an increasing attention to PCD in recent years, especially from the mid-2000s: all EU institutions have committed to the promotion of the concept, so that it now encompasses the whole policy-making process. "*Critical drivers for such commitments were political leadership, pressure from civil society and international commitments*", thus involving actors at international, national and local levels (ECDPM, 2013).

However, major problems still exist in translating commitments into practice, due to a wide range of factors. In fact, one of the main difficulties is related to measuring results and progress on PCD: the EU has focused more on the promotion of PCD, therefore on the processes (on "*how things are done*"), which positively increased awareness across the different stakeholders, but less attention has been placed on the outcomes ("*what is achieved*"), on the measurement of results deriving from the implementation of PCD in order to assess the progress achieved (Di Francesco, 2001; Carbone and Keijzer, 2016). Mechanisms for analyses and assessing impact are particularly important for promoting PCD. The mechanisms are usually based on ex-ante inputs coming from a variety of stakeholders, including civil society (ECDPM, 2013): NGOs often play an advocacy role, raising awareness on PCD, as well as providing evidence of policies' effects on developing countries. Also the media has contributed in spreading knowledge, increasing public awareness (ECDPM, 2013). The OECD DAC Peer Reviews offer an external knowledge assessment mechanism, spreading best practices and challenges to PCD at the national level of recipient countries

(ECDPM, 2013). The Confederation for Relief and Development (CONCORD) is the main grouping of EU NGOs, and, therefore, an important civil society actor: it has been actively involved in promoting PCD, monitoring its implementation at EU and Member States level (European Commission, 2015). However, it is more complicated to develop ex-post evidence that can evaluate the extent to which EU policies affect developing countries: Impact Assessments are a key tool for gathering evidence, but there are no agreed indicators on how coherent policies should become at a given point, that would monitor the progress achieved (Carbone and Keijzer, 2016). Moreover, another difficulty is related to translating commitments into results: the three types of resistance analysed above, namely the compartmentalisation of public policy, the EU multilayered structure, and the heterogeneity between and within developing countries, make the existence of a certain level of incoherences unavoidable, and thus the full achievement of PCD a "*mission impossible*" (Carbone, 2008; Carbone and Keijzer, 2016).

In the next Chapter, I will analyse a case study in relation to PCD, the development-trade nexus. The linkage between development and trade policies has been present in the EU history since the Yaondé Conventions, and has evolved over time, in a way that trade has increasingly become a tool for fostering development. More recently, the Economic Partnership Agreements provide the case study for the implementation of PCD between development and trade policies of the EU and ACP countries: I will analyse how the trade-development nexus has evolved at EU level, taking into consideration the broader context of the World Trade Organization Doha Development Agenda, and whether and, eventually, to what extent trade, in the case of the Economic Partnership Agreements, has successfully enhanced development in developing countries, providing an example of coherence between the two policies.

3 POLICY COHERENCE FOR DEVELOPMENT IN EU TRADE AND DEVELOPMENT POLICY

The first two Chapters have described the main evolutions in the EU development agenda, starting from the Treaty of Rome, with a particular focus to the trade aspect of development towards ACP countries, as a fundamental issue for the promotion on PCD in the EU policy-making process. This Chapter will analyse more in details the trade policy of the EU as a driver of development, taking into consideration the WTO framework within which the EU policy inscribed. As a matter of fact, it will be delineated firstly the broader context of international trade, lead by the World Trade Organization: the WTO built the multilateral trading framework, with the aim of establishing fairer rules for free trade, that would favour overall economic growth, and in particular that of developing countries, throughout the Doha Development Round (2001). It is important to explain the role of the WTO in recognizing that international free trade as a fundamental means for enhancing development, establishing therefore an important link between trade and development.

Secondly, it will be analysed the linkages between the EU trade and development policies, referring to the previously analysed Conventions that regulated the EU-ACP relations , namely the Yaoundé and Lomé Conventions. It will be assessed the role of the European Union within the WTO framework in contributing in the building of a multilateral framework that would best tackle globalisation-related issues; in particular, the conformity of EU trade policy to WTO provisions was reflected in the Cotonou Agreement, that established the EU commitment towards WTO rules for the regulation of the commercial relationships between the EU and ACP countries. The Cotonou Agreement will be further analysed, in order to explain the following negotiations of the so-called Economic Partnerships Agreements (EPAs) between the EU and ACP countries. As a matter of fact, the multilateral framework of the WTO proved to present some shortfalls, as the difficult negotiations throughout the Doha Development Round demonstrated. The EU, whilst compliance with WTO principles, focused on bilateral regional agreements, the EPA: the EPAs represented a new type of trading relations with the ACP, that should have responded to the EU commitments to boost development in developing countries, thus linking EU trade and

development policies in accordance to the principle of Policy Coherence for Development. However, whilst the rhetoric and whilst representing a further effort in linking trade to development, the EPAs demonstrated to be ineffective, due to the rise of various incohereces, both at vertical level, between the various actors involved, and at horizontal level, between the EU trade and development policies, caused by the fact that the resulting agreements did not respond to the development objectives of ACP countries, but rather to the self strategic interests and to the trade agenda of the EU. I will therefore try to delineate whether the EU successfully applies Policy Coherence for Development and improves the effectiveness of its development agenda in trade relationships with its partner countries, being therefore a major global actor, or rather it merely pursues its economic interests, perpetuating a sort of economic dependency with the ACP countries, under the vestige of development cooperation.

3.1 WTO COMMITTMENT TO DEVELOPMENT CONCERNS

3.1.1 WTO principles regulating global trade

In the last decades, and starting from the 1990s, the transformations of the international relations have been characterized by various phenomena that, as we have seen, fall under the term "*globalization*" (Morrissey and Filatotchev, 2000). Whilst there is no standard definition of the term, it has been defined as "*the opening of national space for the free flow of goods, capital and ideas*", and it "*removes obstructions to movement and creates the conditions in which international trade in goods and services can expand*" (Blouet, 2001); and also: "*an interconnected world system in which independent networks and flows surmount traditional barriers (or make them irrelevant)*" (Kugler and Frost, 2001); and "*the increase in globalism at the economic, financial, environmental and social/cultural levels*" (Morrissey and Filatotchev, 2000), where "*globalism is a state of the world involving networks of interdependence at multi-continental distances*" (Keohane and Nye, 2000). For what concerns trade, globalization has thus rendered global economy more interconnected through: the reductions and elimination of trade barriers; the technological progress that favoured trade exchanges by lowering the costs of communication and transport; the fragmentation of production and the displacement of the value chain; the increased exchange of goods and services among countries (WB, 2011).

The GATT had been established as an interim organization in 1947, in order to regulate the trade flows by providing a multilateral framework for the negotiations of non-

discriminatory trade agreements among countries (Fergusson, 2011). The last GATT round of negotiations, the Uruguay Round (1986-1994), ended with the establishment of the GATT's successor in 1995, the WTO, with the aim of increasing the cooperation among trading partners: the WTO pursued in establishing a multilateral framework to regulate global trade, through the progressive elimination of tariff and non-tariff barriers to trade (European Commission, 2012). The WTO system is regulated first and foremost by two basic principles: the Most-Favoured-Nation principle (MFN) aims at ensuring no discrimination between trading partners, so that if a country grants special treatment to one of its partners, it must grant the same treatment to all other WTO countries; and the principle of national treatment, that ensures that the imported goods from foreign countries must be treated the same way as locally produced goods are treated[35]. The WTO, as the main promoter of free trade through the progressive reduction of barriers, guarantees that the liberalization produces a fairer trading system, in which the developing countries are allowed to enjoy the benefits of open markets[36]: as a matter of fact, the majority of WTO members are developing countries, thus the WTO represents a forum where developing countries can obtain a major share in global markets through negotiations and address their development concerns (Izmail, 2005).

The WTO recognizes, however, that developing countries are characterized by different levels of development, and that the LDCs, in particular, require special and differential treatment (S&D), in order to enhance their possibilities for tackling development issues through trade (WTO, 2013). It was already within the GATT, that special treatment was granted to developing countries: in particular, the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing countries, also called the "Enabling Clause", was adopted in 1979, and allowed for exceptions to the Most-Favoured-Nation principle in favour of developing countries[37]. The Enabling Clause offered the legal basis for the General System of Preferences (GSP) adopted by the WTO, allowing

[35] WTO, Principles of the trading system, WTO official web page: https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm.
[36] WTO, Principles of the trading system, WTO official web page: https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm.
[37] WTO, Differential and more favourable treatment, reciprocity and fuller participation of developing countries, WTO official web page: https://www.wto.org/english/docs_e/legal_e/enabling1979_e.htm.

developed countries to offer non-reciprocal lower tariffs on imports from developing countries[38].

3.1.2 The Doha Development Agenda and the Aid for Trade Initiative

The developing countries' concerns have been the object of the latest round of negotiations within the WTO framework: the Doha Round was launched at the occasion of the WTO's Fourth Ministerial Conference held in Doha, Qatar, in November 2001, resulting with the adoption of the Doha Ministerial Declaration[39]. In reason of this particular focus on development issues, the Round has also been called the Doha Development Agenda (DDA), recognizing that "*International trade can play a major role in the promotion of economic development and the alleviation of poverty*" (WTO, 2001). The Doha Development Agenda was based on three pillars:

- Market access for agricultural products, for industrial goods (or 'non-agricultural market access', or 'NAMA') and for services;
- Rules on trade facilitation and anti-dumping;
- Development (European Commission, 2018).

The Doha Ministerial Declaration recognized also " *the particular vulnerability of the least-developed countries*" and "*committed to addressing the marginalization of least developed countries in international trade and to improving their effective participation in the multilateral trading system*" (WTO, 2001)[40]. The Ministerial Declaration included a work programme for the negotiations on 21 issues (Fergusson, 2011). The negotiations aimed at providing further rules for the lowering of trade barriers, and to reform the established trade rules[41], and have been conducted on the basis of the principle of the "*single undertaking*", or "*nothing is agreed until everything is agreed*", meaning that negotiations could only end when a single comprehensive agreement for all the issues would be reached (Fergusson, 2011).

Because of the complexity of the negotiations, involving a wide array of issues and a high number of participating countries (all the current 157 WTO Members) having different

[38] WTO, Special and differential Treatment Provisions, WTO official web page: https://www.wto.org/english/tratop_e/devel_e/dev_special_differential_provisions_e.htm.
[39] WTO, The Doha Round, WTO official web page: https://www.wto.org/english/tratop_e/dda_e/dda_e.htm.
[40] WTO (2001), Doha Ministerial Declaration, November, 14.
[41] WTO, The Doha Round, WTO official web page: https://www.wto.org/english/tratop_e/dda_e/dda_e.htm.

interests, the deadline for the achievement of the definitive agreement, established by 1 January 2005, was missed[42].

Following the Doha Ministerial Conference, the successive Ministerial Conferences did not progressed the achievement of a final agreement: The Cancun Ministerial Conference of 10-14 September 2003 failed to achieve an agreement, especially because the participants held on their strong positions and were unable to find compromise on several issues (Fergusson, 2011). The Hong Kong Ministerial Conference of 2005 reemphasized the focus on development, with the ministers stating that they "*emphasize the central importance of the development dimension in every aspect of the Doha Work Programme and recommit to making it a meaningful reality, in terms both of the negotiations on market access and rule-making and of the specific development related-issues*" set out in the Declaration (WTO, 2005).The last Ministerial Conference, held in Nairobi in 2015, resulted with the so-called "Nairobi Package", comprising agriculture trade, trade facilitation and information technology products, without resolving, however, disagreements on whether the Doha Agenda should have been considered concluded or not (Lester, 2016). The text of the declaration stated that: "*We recognize that many Members reaffirm the Doha Development Agenda, and the Declarations and Decisions adopted at Doha and at the Ministerial Conferences held since then, and reaffirm their full commitment to conclude the DDA on that basis. Other Members do not reaffirm the Doha mandates, as they believe new approaches are necessary to achieve meaningful outcomes in multilateral negotiations. Members have different views on how to address the negotiations*" (WTO, 2015).

The failure of achieving all the goals of such an ambitious agenda undermined the system of multilateral trade, and favoured the rise of regional and bilateral preferential trade agreements (PTAs) regulated by different sets of rules (Jaso, 2016). An example or regional agreements are the Trans-Pacific Partnership (TPP) between the United States and eleven other countries, or the Transatlantic Trade and Investment Partnership between the United States and the European Union (Jaso, 2016).

However, the system established by the WTO, based, on the one hand, on the principle of non-discrimination in free trade, and, on the other, on the recognition of special economic need of developing countries and the preferential treatment granted to them, could considered as a form of aid through trade (Hoekman, 2010). The first WTO Ministerial

[42] WTO, The Doha Round Texts, WTO official web page https://www.wto.org/english/tratop_e/dda_e/texts_intro_e.htm.

Conference of 1996 recognized that LDCs necessitate of assistance in order to implement successfully trade agreements that would benefit their trade capacity: at the Hong Kong Ministerial Conference, the Aid for Trade initiative (AfT) was launched, in order to "*help developing countries, particularly LDCs, build the supply-side capacity and trade-related infrastructure that they need to implement and benefit from WTO Agreements and more broadly expand their trade*" (Hynes and Lammersen, 2017). The AfT initiative concerns development assistance towards developing countries for sustaining them in expanding their trading capacity (European Commission, 2016). The Hong Kong Conference established a Task Force with the aim of identifying the activities to be considered within the AfT initiative (European Commission, 2016). It included Official Development Assistance (ODA) and Other Official Flows (OOF), that would help developing countries in five categories of activities: *Trade Policy and Regulation*, helping developing countries in negotiate and implement trade agreements; *Building Productive Capacity*, supporting the private sector; *Trade Related Infrastructure*, assisting developing countries in building infrastructures necessary for linking regional and global markets; *Trade Related Adjustment*, supporting developing countries in the payment of the costs related to trade liberalization (Hynes and Lammersen, 2017). A sixth category, *Other trade related needs*, includes support recognized as such by beneficiaries, and not covered by the previous five categories (European Commission, 2016).

The assistance delivered within the AfT initiative is not regulated by a central entity, nor by a global financial mechanism, but rather by already existing mechanisms of international development agencies (Hoekman, 2010). The AfT represented a further commitment of the WTO to favouring development and economic growth in developing countries through trade, in addition to the multilateral framework of negotiations for trade liberalization that proved to be insufficient to achieve the goal (Hoekman, 2010).

3.2 EU TRADE AND DEVELOPMENT POLICIES LINKAGES

As we have seen in the previous Chapter, the challenges brought about by globalization in the new Millennium have radically altered the international context. Liberalization and the establishment of a free global market became a primary issue for the main international organizations and institutions (WB, IMF, WTO, EU): they spread the belief that free trade would be beneficial for developed countries, but most of all, for

developing countries, allowing them to get access to the most advanced economies and granting them the possibility to compete, increasing the overall economic growth. The concept of development has widened its scope, including social development goals, such as addressing hunger, poverty, disease and promoting education and training, as well as environmental development goals, improving and protecting the human environment (UN, 2017).

The Millennium Development Goals are the most striking example of a more comprehensive effort to tackle development issues, whose attainment has been recognized as a priority by the international community, and in particular by the European Union. However, economic growth is still recognized as being an essential component of development, since it contributes in increasing the available resources of countries, necessary to satisfy the basic needs of their populations (UN, 2017). In particular, trade has been considered a fundamental tool for fostering the economic growth, and hence the development, of developing countries. The enhanced national markets integration resulted into interdependent economic flows (Watson, 2014). Developing countries have adopted economic reforms, according to the provisions of international organizations, in particular the IMF and the World Bank and then the WTO, with the aim to internationalize the flows of capital, goods and services, and to transform into market-oriented economies, through the progressive elimination of market distortions, caused by protectionist policies and a strong state control (Morrissey and Filatotchev, 2000).

In the last decade, trade has experienced an unprecedented expansion, due to reductions or elimination of trade barriers and to the technological progress that contributed to lowering the costs of communications and transport (World Bank, 2011). The trade expansion has generated undeniable higher levels of growth, although the positive results have not been distributed equally both among countries and within countries: a more integrated trade has allowed developing countries to enter new markets by exploiting their comparative advantage, selling their goods and services all over the world and choosing the most profitable suppliers of goods, services and technologies to be imported, thus increasing their competitiveness and hence their economic growth (World Bank, 2011).

The WTO, as we have seen in the previous section, has established a multilateral framework to regulate global trade, through the progressive elimination of tariff and non-tariff barriers to trade: whilst the Doha Development Agenda did not produce the expected

outcomes, a multilateral trading system is still considered essential for the building of a fair open global market, that would allow the developing countries to increase their economic growth and development and become major competitive global actors. Nonetheless, the lowering of tariff and non-tariff barriers has implied different results, since the benefits have not been distributed equally (European Commission, 2012).

The European Union has always been an important actor in the building of a multilateral trading system: at its origins, the EU was created with the aim of establishing a single market by the removal of barriers among its Member States, taking inspiration by the GATT principles (European Commission, 2018). Nowadays, both the EU and its individual Member countries are members of the WTO and are engaged in following WTO rules and supporting it in its efforts towards a fairer multilateral trading system[43]. However, the stalemate in the Doha Development Agenda and the subsequent rise in bilateral and regional agreements have led the EU to adapt to the changing trends and engaging in regional and bilateral negotiations as well (European Commission, 2018).

Chapter 2 has focused on the concept of Policy Coherence for Development and on the main mechanisms that the EU implements in order to foster development by taking into account development objectives in all policies that are likely to affect developing countries: as we have seen, trade is of particular importance for development and, therefore, for PCD, and the EU committed to regulate its trade policy with the aim of guaranteeing a positive impact on development[44]. The European Commission states that "*the EU aims to:*

- *provide appropriate treatment for LDCs responding to their specific development needs and reflecting their role in international trade;*
- *ensure that EU policy is aligned towards reducing poverty through trade and sustainable development;*
- *address core issues, such as agriculture and non-agricultural market access, and to support progress on trade issues that have a specific development angle;*
- *assess and take into account the impact on developing countries of EU agreements with other partners, in order to identify and prevent risks and to take advantage of development opportunities;*

[43] European Commission, EU and WTO, European Commission official web page: http://ec.europa.eu/trade/policy/eu-and-wto/.
[44] European Commission, *Trade policy coherence for development*, European Commission official webpage: https://ec.europa.eu/europeaid/sectors/economic-growth/trade/trade-policy-coherence-development_en.

- *use trade as an instrument to promote development, and include development cooperation as an essential dimension of trade agreements"*[45].

In this context, the EU has engaged in the WTO provisions regulating global trade with a view of promoting development in the developing countries: firstly, within its Generalised Scheme of Preferences (GSP), the aforementioned Everything But Arms Initiative (EBA) has granted duty-free and quota-free access to all goods from LDCs, except arms and armaments; secondly, the EU has been taking part of the Aid for Trade (AfT) initiative since 2007, firstly launched by the WTO at the Hong Kong Ministerial Conference in 2005; and lastly, the Economic Partnership Agreements (EPAs), that will be analysed later in this Chapter, have been negotiated in compliance with WTO rules, linking trade and development issues in the EU-ACP relations[46].

Trade and development policies have been linked since the very establishment of the European Economic Community with the Treaty of Rome of 1957 (Bartels, 2007): Article 3 (k) calls for "*the association of the overseas countries and territories in order to increase trade and to promote jointly economic and social development*" (Part I, Art. 3(k), Treaty of Rome, 1957) and Article 131 specifies that "[...] *The purpose of association shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole. In accordance with the principles set out in the Preamble to this Treaty, the association shall serve primarily to further the interests and prosperity of the inhabitants of these countries and territories in order to lead them to the economic, social and cultural development to which they aspire*" (Part IV, Art. 131, Treaty of Rome, 1957). The aim was to establish free trade through the reduction of duties and quantitative restrictions, not only within the EEC, but also between the Member States and the overseas territories (Bartles, 2007).

By the early 1960s, almost all the African territories referred to in Part IV of the Treaty of Rome gained independence, and, hence, the relationship with the EEC had to be reformulated: in 1963, as we have analysed in the first Chapter of this study, the first Yaoundé Convention was signed, covering a five-year period, and followed in 1969 by the second Yaoundé Convention (Bartels, 2007). Whilst their independence, the countries associated

[45] European Commission, *Trade policy coherence for development*, European Commission official webpage: https://ec.europa.eu/europeaid/sectors/economic-growth/trade/trade-policy-coherence-development_en.
[46] European Commission, *Trade policy coherence for development*, European Commission official webpage: https://ec.europa.eu/europeaid/sectors/economic-growth/trade/trade-policy-coherence-development_en.

under the Convention could rely on an unequal trade relationship with the EEC, characterized by a perpetuation of the old colonial ties. The Common External Tariff (CET), which was established by the European Economic Community (EEC), was reduced and the intra-EEC liberalization was completed in 1966 (Bartels, 2007): Article 2 and Article 6 of Yaoundé I establish the progressive reduction of duties and quantitative restrictions for the products imported from the EEC (Yaoundé I, Art. 2 and 6).

But the most important innovation of the Convention was the establishment of reciprocity in trade relations among the EEC Member States and the associated countries, in order to guarantee more equal negotiations by ensuring mutual obligations of liberalization (Bartels, 2007). The associated countries were mainly former European colonies in Africa and the Caribbean and Pacific area, and the Yaoundé Conventions established a preferential relationship between them and the EEC, with regard to the other non-associated developing countries: it was only with its successor, the first Lomé Convention of 1975, that the Community established the principle of non-reciprocal trade preferences (Bartels, 2007). Moreover, other 21 Commonwealth countries and other six African countries were included among the associated countries, whose number continued growing with the successive three Lomé Conventions (Bartels, 2007).

The new agreement was considered as a model of trade relations with developing countries (Carbone and Orbie, 2015). With the non-reciprocity provision, ACP countries were not obliged to offer market access, although the EU granted ACP duty-free and quota-free access for their products, with the exception of the agricultural products, competing with those of the Community that remained protected by the provisions of the Common Agricultural Policy (CAP) (Bartels, 2007). Three other revisions of the Convention succeeded in the following years, respectively in 1980, 1985 and 1990, ending however without having achieved the purpose of reducing poverty and fostering development: although it established a new kind of relationship characterized by a contractual nature, it failed to contribute to the development in the ACP countries (Arts and Byron, 1997). Criticism regarded the perpetuation of dependency relations by the EU towards ACP countries through the system of trade preferences, which, in addition to other provisions of the trade policy, like the rules of origin, did not pushed the ACP countries to export to Europe any other manufactured products except for their primary goods (Arts and Byron, 1997).

This view of the EU-ACP relations was promoted by the so-called *Dependency school*, a theory of international relations that emerged in the 1950s and gained particular relevance in the 1960s and 1970s in opposition to the Modernization theory: one of the founders of the theory, Theotonio Dos Santos defines dependence "*a situation in which the economy of certain countries by the development and expansion of another economy to which the former is subjected*" (Dos Santos, 1970). The theory is based on the assumption that the international system is divided into a core, or centre, and a periphery, and that the latter is linked to the former by a dependent relation: in particular the centre is identified with the developed countries and the periphery with the developing countries (Mabogunje, 1980). In the case of EU-ACP relations, the dependency school states that the EU has perpetuated the dependency of ACP countries in the negotiations of the Yaoundé (1963) and Lomé (1975) Conventions, as well as in the Cotonou Agreement (2000) and the subsequent Economic Partnership Agreements (2008) (Sepos, 2013).

In 1968, the United Nations Conference on Trade and Development (UNCTAD), at the UNCTAD II Conference, had recognized "*the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized, non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries*", introducing at the international level the principle of General System of Preferences (GSP) trade programs: the aim of GSP programs was to guarantee to developing countries a preferential market access through fewer duties on their exports (Jones, 2017). The preferential tariff rates should have favoured exports in developing countries, enabling them to get access to developed countries markets more easily, promoting economic growth (Jones, 2017). Within the GATT framework, although the GSP concept was inconsistent with the non-discrimination principle, it was adopted the "Enabling Clause", the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries, stating that "*1. Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries, without according such treatment to other contracting parties. 2. The provisions of paragraph 1 apply to the following: (a) Preferential tariff treatment accorded by developed contracting parties to products originating in developing countries in accordance with the Generalized System of Preferences [...]"* (GATT, 1979). It recognized the different levels of development of developing countries, and their differing

economic needs (Jones, 2017). Under the Lomé Conventions, the Community granted duty–free and quota-free market access to the ACP countries, except only for those products regulated by the Community's Common Agricultural Policy, with no obligation to offer a reciprocal market access (Bartels, 2007).

The GSP continued also within the framework of the successor of the Lomé Conventions, the Cotonou Agreement, entered into force in 2000, whilst with substantial differences, as outlined in Chapter 2 of this study. Most importantly, while under the Lomé Conventions the ACP countries were considered as a uniform group, the Cotonou Agreement introduced the concept of differentiation, adapting the trade and development policy according to the different levels of development of the ACP countries (Carbone and Orbie, 2015). According to the Trade, Growth and Development strategy of the European Commission, "*The growing diversity of developing countries calls for more differentiation in the design and implementation of EU policies. Emerging economies and poorer ones have different potentials, needs and objectives thus requiring a different policy approach. Policy must be carefully designed to reflect different situations*" (European Commission, 2012). Trade was recognized as a necessary but insufficient condition for development, and "*pro-development trade policies need to address a complex range of issues, ranging from trade facilitation at local and regional level to technical, social and environmental regulations, respect of fundamental rights, investment supporting measures, protection of intellectual property rights, regulation of services, competition policies and transparency and market access in government procurement*" (European Commission, 2012). The commitment to Policy Coherence for Development (PCD) became increasingly important, recognizing the impact of other policies on the effectiveness of development cooperation (Carbone and Orbie, 2015). In the case of trade policy for development, the Cotonou Agreement recognized the importance of giving priority to the Least Developed Countries and the countries most in need (Holland, 2002).

The WTO maintained the provisions of the GATT Enabling Clause, permitting developed countries to grant additional preferences to the LDCs: the EU conformed to the WTO framework and adopted preferential treatments to LDCs in a number of initiatives (Bartels, 2007). The EU's General System of Preferences introduced three special arrangements for Least Developed Countries (European Commission, 2012): firstly, the general arrangement, providing for duty reductions (Bartels, 2007); secondly, the Everything

But Arms (EBA) initiative was adopted by the Council in 2001 (Council of the European Union, 2001). Cotonou had established the differentiation principle and the special treatment principle to the LDCs, extending the scope of the established system of preferences for ACP countries to non-ACP LDCs: the proposal offered duty-free and quota-free access to the EU market to all LDCs goods, except for arms and armaments (Holland, 2002). Thirdly, the Special Initiative Arrangement for Sustainable Development and Good Governance (GSP+) offered further tariff preferences for LDCs adopting international agreements linked to sustainable development, in particular regarding human rights, labour rights and environmental protection (European Commission, 2012).

According to the dependency school, whilst the rhetorical commitments of the EU in the context of the Cotonou Agreement, the EU-ACP relations remained characterized by the predominance of the EU towards the ACP countries, especially in the negotiations of the Economic Partnership Agreements, through which the EU maintained economic influence (Sepos, 2013).

The Cotonou agreement introduced a constraint to the WTO provisions on free trade in the negotiation of the future Economic Partnership Agreements. Article 37(1) states that "*[...] the Parties agree to take all the necessary measures to ensure the conclusion of new WTO-compatible Economic Partnership Agreements, removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade*" (Cotonou Agreement, Title II, Art. 37). The Cotonou Partnership Agreement represented an important innovation in the conception of the linkages between trade and development policies, and strongly promoted the achievement of regional integration through the negotiations of the Economic Partnership Agreements (EPAs), starting from 2002.

3.3 THE POST-COTONOU: THE ECONOMIC PARTNERSHIP AGREEMENTS AND POLICY COHERENCE FOR DEVELOPMENT

3.3.1 The Negotiations of EPAs

The Cotonou Agreement provided for the launching of the negotiations of Economic Partnership Agreements (EPAs) between the EU and ACP countries in September 2002, with a view to being introduced by January 2007 (Holland and Koloamatangi, 2006). The

agreements would be negotiated between the EU and six African Caribbean and Pacific regions, namely the Caribbean, Central Africa, South-East Africa, West Africa, Southern Africa and the Pacific, and would provide the new trade arrangements replacing the trade provisions under Annex V of the Cotonou Agreement, whose expiry date was fixed by 31 December 2007 (European Commission, 2007). As a matter of fact, the system of preferences in favour of ACP countries established by the Cotonou Agreement was adverse to the WTO principle of non discrimination: therefore, at the occasion of the Doha Ministerial Conference, the EU obtained a waiver from the WTO, that would allow the discrimination through preferences to continue until 2007 (Stevens, 2008).

Whilst the EPAs were established according to regional groupings, the EU remained committed to favour the achievement of an integration process, in order to maintain the unity of the ACP Group of States: in this view, the EPAs should not aim at deepen the division of the ACP countries, but, rather, were supposed to be merged in order to boost regional integration (European Commission, 2002). Article 36(1) of the Cotonou Agreement states that: "*In view of the objectives set out above, the Parties agree to conclude new World Trade Organization (WTO) compatible arrangements, removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade*" (Cotonou Agreement, Art. 36(1)). The Cotonou Agreement represented a challenge in the EU-ACP relations, since it focused on the differentiation principle (differentiation according to the different levels of development of ACP countries) and on the importance of achieving regional integration among developing countries with a view of fostering their development.

As a matter of fact, through South-South integration, the ACP countries would have been able to enlarge their markets that would in turn attract trade and investment, making the ACP countries more competitive and less dependent on EU exports, and boosting their development (European Commission, 2007): EPAs "*will enlarge the markets of ACP countries, which will allow for economies of scale, will improve the level of specialisation, will increase competitiveness of the ACP States and will help attract investment. This, in turn, will lead to an increase in trade flows in the region, with the Community and with the rest of the world, thereby promoting the sustainable economic and social development of the ACP countries*" (European Commission, 2002). The EPAs are therefore an example of the nexus between EU trade and development policies, and represent an effort towards making trade a

tool for development at regional level (Makhan, 2009). EPAs aimed at promoting EU-ACP trade, through which to contribute to sustainable development and poverty reduction[47].

Moreover, the Cotonou Agreement required that the EPAs would be compatible to WTO provisions on the progressive reduction of trade barriers and on the increased cooperation among the Parties (Cotonou Agreement, Art. 36.1). Article 36.4 stated that: "*Negotiations of the Economic Partnership Agreements shall aim notably at establishing the timetable for the progressive removal of barriers to trade between the Parties, in accordance with the relevant WTO rules. On the Community side trade liberalisation shall build on the acquis and shall aim at improving current market access for the ACP countries through inter alia, a review of the rules of origin. Negotiations shall take account of the level of development and the socioeconomic impact of trade measures on ACP countries, and their capacity to adapt and adjust their economies to the liberalisation process. Negotiations will therefore be as flexible as possible in establishing the duration of a sufficient transitional period, the final product coverage, taking into account sensitive sectors, and the degree of asymmetry in terms of timetable for tariff dismantlement, while remaining in conformity with WTO rules then prevailing"* (Cotonou Agreement, Art. 36.4).

The EPAs are negotiated at regional level, on the basis of groupings that include ACP countries characterized by different levels of development, in order to favour South-South integration (Holland, 2002). As a matter of fact, although the conformity to WTO provisions on open market access, the EPAs represent regional preferential agreements, reflecting the general trend that saw increasing the importance of bilateral and regional trade negotiations, following the multilateral trading system's partial failure with the Doha Development Agenda (Makhan, 2009). The EPAs, in the building of a new partnership between the EU and the ACP countries, draw from the lessons derived from the previous agreements regulating the relations between the two block of countries, namely the Yaoundé and the Lomé Conventions, as well as the Cotonou Agreement: whilst, up until that time, the EU had granted non-reciprocal trade preferences in the opening of its market towards the ACP, without pretending a reciprocal treatment, the Cotonou Agreement recognized that the non-reciprocal trade preferences did not promote the sustainable development and the integration into the global economy of ACP countries (European Commission, 2005), and, therefore, the principle of reciprocity was established (Makhan, 2009). Reciprocity, meaning

[47] European Commission, EU trade policy and ACP countries, European Commission official web page: http://ec.europa.eu/trade/policy/countries-and-regions/development/economic-partnerships/.

the trade liberalization on the ACP side, would allow that trade preferences would be negotiated by both sides, and they would not depend only by EU or WTO provisions[48].

Therefore, although the system of ACP preferences, the outcome of the EPAs would result from a negotiating process between equal partners[49]. Liberalization of ACP markets, according to WTO rules, had to be achieved gradually, so that developing countries could adopt the necessary internal measures: on its part, the EU allowed for exceptions in the lowering of tariffs for certain sectors, and also longer transition periods in favour of ACP countries: the Commission stated that: "*As far as the ACP countries are concerned, trade liberalisation vis-à-vis the Community should be undertaken with the maximum degree of flexibility available. Therefore, while a period of 10 years for tariff dismantling would be the normal rule, the Community should be prepared to accept that this period will be exceeded, where this is required by economic and social constraints of the countries concerned*" (European Commission, 2002).

The aim of the EPAs was not merely that of opening the markets, but rather the creation of larger regional markets, governed by more stable, transparent and predictable rules that would favour foreign investment by lowering the costs of doing business (European Commission, 2005). Moreover, the reciprocal liberalization of markets was expected to allow the ACP countries to have access to a wider variety of cheaper goods and services, as well as to specialise in the production of goods and services according to their competitive advantage, boosting their competitiveness (European Commission, 2005). Therefore, the increasing ACP production and consumption chances would make their economies more diversified and would improve the allocation of resources, favouring economic growth as a consequence (Makhan, 2009).

Nonetheless, the opening of markets was considered a necessary but insufficient condition for improving the development level of ACP countries: Article 36(1) of the Cotonou Agreement states that the EPAs aim at "*removing progressively barriers to trade*" and "*enhancing cooperation in all areas relevant to trade*" (Cotonou Agreement, Article 36(1)). As we have seen throughout this study, development encompasses a wide array of aspects, that complement trade regulation and imply the adoption of a more comprehensive

[48] European Commission, Economic Partnership Agreements: Means and Objectives. Available at the link: http://trade.ec.europa.eu/doclib/docs/2003/december/tradoc_115007.pdf.

[49] Federal Ministry for Economic Cooperation and Development, The Development Dimension of the Economic Partnership Agreements (EPAs) between the ACP Countries and the EU. Available at the link: https://www.bmz.de/en/publications/archiv/type_of_publication/strategies/diskurs010en.pdf.

approach: for example, regulations regarding the protection of the environment and of the consumers, the level of adequate infrastructures available, or non-tariff measures are also measures to be taken into account since may facilitate or impede trade exchanges (Makhan, 2009).

Therefore, the ACP countries' capacity to build a favourable trade environment through public and private action would be essential for the negotiating and trading process: the Cotonou Agreement envisaged that "*during the negotiations of the Economic Partnership Agreements, capacity building shall be provided in accordance with the provisions of Title I and Article 35 to the public and private sectors of ACP countries, including measures to enhance competitiveness, for strengthening of regional organizations and for regional trade integration initiatives, where appropriate with assistance to budgetary adjustment and fiscal reform, as well as for infrastructure upgrading and development, and for investment promotion*" (Cotonou Agreement, Article 37(1)). In conformity with the ownership principle at the basis of the Agreement, according to which the ACP countries determine their own development policies, the EU committed to assist the capacity building of ACP countries in negotiating and trading through financial support, allocated by the European Development Fund (EDF), as regulated by Annex I of the Agreement (European Commission, 2005).

Furthermore, its Aid for Trade (AfT) strategy, adopted in October 2007, according to the WTO-led Aid for Trade initiative, aimed at supporting the ACP countries to take advantage of the markets liberalization and to enhance their trade capacity[50]. The WTO AfT initiative was launched, as we have seen, at the 2005 WTO Ministerial Conference, whose Declaration stated that "*Aid for Trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO agreements and more broadly to expand their trade*" (WTO, 2005a). The Aid for Trade in the context of the EPAs has highlighted the importance of good governance and of government intervention for making effective the linkage between trade and development policies (Makhan, 2009). The Council of the European Union, in its Conclusions on the EPAs of May 2008, stated that: "*The Council encourages the Commission and the Member States to continue working together [...], and welcomes the Commission initiative for the joint design with our ACP partners of specific EU Regional AfT packages for the ACP, including accompanying measures of regional EPAs,*

[50] European Commission, Aid for Trade, European Commission official web page https://ec.europa.eu/europeaid/sectors/economic-growth/trade_en.

building on the 10th EDF regional programming process. These packages would be based on the following aims and principles:

- *Supporting ACP owned regional integration agendas, including addressing needs arising from EPAs as well as from interim agreements;*
- *Providing an effective, coherent and concrete EU response to needs and priorities expressed by the ACP countries and regions, including in national and regional development plans;*
- *Fostering coordination among all donors and recipients;*
- *Covering, as appropriate, programmes falling under the six categories of AfT;*
- *Covering actions, ongoing and planned at national and regional level by the Commission, the Member States and, as far as possible, other donors; in this context, the Commission is invited to further involve Member States during the 10th EDF programming*" (Council of the European Union, 2008).

However, whilst the Economic Partnership Agreements represent an effort to promote the integration of the ACP regions into the global economy, these have been envisaged mainly according to EU interests and in reason of the EU predominant power in the negotiations: firstly, the fact the EU insisted on keeping the negotiations at a regional level undermined the ACP power to negotiate an agreement more favourable to their interests, since the regional groupings are smaller and have less bargaining power; secondly, the very principle of reciprocity, while it is usually a favourable elements among countries having the same level of development, did not favour the least developed countries, that could not compete with the advanced EU markets; and, finally, the insistence of the EU to negotiate the EPAs within December 2007 also responded to EU interests, and highlighted the EU hard positions with regard to the ACP (Sepos, 2013). It was therefore the EU that, whilst its rhetorical commitments to the negotiations of trade agreements among equal partners in order to foster the development of developing countries and to respect ACP sovereignty and ownership, set the trade agenda, controlled the content and pace of the negotiations and gave precedence of its own economic interests (Sepos, 2013). The gap between rhetoric and reality, between discourse and practice is still present in the policies of the EU with regard to ACP countries (Sepos, 2013), as we will see in following section.

3.3.2 EPAs and PCD

Trade liberalization does not produce automatically beneficial outcomes in terms of development, but rather it holds the potential to do so: the effective reduction of poverty and increasing development in developing countries depends by various factors, including the economic environment and the policy interventions linked to it, thus making the opening up of markets a necessary but insufficient condition for development (Makhan, 2009). As a matter of fact, according to the Council Conclusions of 2008 on EPAs, "*EPAs will also require difficult economic and social adjustments. In order to maximise the benefits of EPAs, it is therefore essential that EPA negotiations and implementation be accompanied by appropriate flanking policies of the ACP and that appropriate EU support measures are included in regular EDF financing. EPAs will set a trade policy framework which will need to be complemented by development policies in areas such as regional integration, macroeconomic and social policies, environmental policies, good governance (e.g. administrative and legal reforms), supply-side measures (e.g. private sector support, infrastructure development), sectoral programmes (e.g. agriculture, education, health), fiscal reforms and assistance in trade-related areas such as customs administration, investment, competition policies and standards*" (Council of the European Union, 2008). Therefore, since non-aid policies have an equal impact as aid-policies and trade policies on developing countries (Carbone, 2008), in order for EPAs to be a successful nexus between trade and development dimensions of the EU-ACP relations, it is necessary to include the concept of Policy Coherence for Development (European Commission, 2005).

As we have seen in the previous Chapter, the main distinction relating to the concept is between *horizontal* coherence, meaning the establishment of synergies between different policies, as in the case of trade and development policy, for example, and *vertical* coherence, meaning the interactions between various actors, the EU institutions and the Member States, but also at the international, regional, bilateral and national levels, in the policy making process (Carbone and Orbie, 2015). While the trade policy is of exclusive competence of the European Union, since the Treaty of Rome of 1957, the development policy is of shared competence between the EU and the Member States, and is a relatively more recent EU competence, being it legally incorporated in the Treaty of Maastricht in 1992 (Makhan, 2009): as a matter of fact, the Treaty on the European Union (TEU) establishes at Art. 130u that "*Community policy in the sphere of development cooperation (which) shall be*

complementary to the policy pursued by the Member States" (Part 3, Title XX, Art. 130u, TEU, under the Treaty of Maastricht).

The EPAs represent an example of policy coherence between trade and development policies: in this regard, parties need to "*ensure that what is proposed (and agreed) in different fora is mutually consistent and, even more importantly, is founded in a country's broader economic and social development strategy*" (Stevens, 2008). According to the OECD DAC, in order to ensure coherence between trade and development policies, it is essential to count on mechanisms for consultation of the main stakeholders (government, the enterprise sector and civil society); on mechanisms for intra-governmental policy-coordination; a network of trade support institutions aiming at improving a country's capacity to trade; commitments to outward-orientation by all trade stakeholders (OECD/DAC, 2001).

Trade policy includes a series of domestic policies regulating a nation's international exchange of goods and services, comprising taxes, subsidies and import/export regulations[51], and it can therefore be "*domestically determined or externally negotiated*", according to the level to which trade policy falls within the government's competence or depends on international regulations, such as those of the WTO or international agreements between different governments (Stevens, 2008). Four levels of competence may be identified according to this criteria, that corresponds to different sectors within trade policy:

1. Wholly domestic, including for example policies regarding domestic policies regulating the degree to which import or export prices are passed on to consumers and producers;

2. Largely domestic, for example domestic policies influenced by WTO ruling, such as the allowable domestic subsidies;

3. Externally negotiated, that are those policies negotiated between different countries or actors, like for example the changes to tariff rates in order to create a common external tariff in the case of regional arrangements;

4. Externally non-negotiated, including policies in which a country does not participate in negotiations and has no direct control, such as the case of developing countries with regard to the EU's common agricultural policy (Stevens, 2008).

Therefore, trade policy involves different policy fora, thus requiring a certain level of *vertical* coherence. In the specific case of the EPAs, whilst the negotiations are carried out mostly by

[51] trade policy. BusinessDictionary.com. WebFinance, Inc. http://www.businessdictionary.com/definition/trade-policy.html [Accessed: September 17, 2018].

the European Commission, being the trade policy of exclusive competence of the Union, it is necessary to consider also *horizontal* type of coherence between trade and development policies, with a view of making the EPAs an effective tool for boosting development in the ACP countries. And, for what concerns the development policy, the complexity of the EU multilevel structure is important for the coherence between the Member States and the European Union, being development policy a shared competence: often, Member States have different objectives and priorities with regard to their development policies: to cite some examples, France always tried to maintain a "special relationship" with ACP countries, and its development policy has been driven by its colonial past; the United Kingdom emphasised the good governance requirement for the delivery of aid and other development measures in developing countries; Sweden focused on the goal of poverty reduction in its development approach; and southern Member States do not have a consolidated tradition in development cooperation and, for example, Italy's priorities seem to be linked to its own commercial interests (Makhan, 2009; Holland, 2002; Carbone 2007).

Furthermore, according to Carbone and Orbie (2015), the literature on EU external relations has highlighted the existing of both coherence and rivalry between the EU and international organizations such as the WTO, the UN, and the OECD DAC, as well as incoherences within the European Commission itself, in particular between DG Development and DG Trade, the first having a more "*pro-poor view*" and the latter focusing "*on export potentials for EU business*"; for what concerns the relations between the EU and the developing countries, and, in particular, in the case of the EPAs, it has been outlined the EU hard-bargaining approach in its efforts to establish free trade, and the developing countries' weak position in relation to it (Carbone and Orbie, 2015).

As a matter of fact, the negotiating process, started in 2002 and supposed to end in 2008, rested on the consensus on the need to depart from the old system of trade preferences established under Cotonou: however, no consensus was reached on how the EPAs were supposed to facilitate development (Keijzer and Bartels, 2017). At the EU level, two schools of thought divided the Member States' views on the issue of how the development dimension of the EPAs would be realised: on the one hand, some Member States assumed that a comprehensive trade liberalization would bring development, through the setting of strict rules; on the other hand, others assumed that development would imply a gradual approach, requiring the setting of intermediate goals, rather than a comprehensive agreement, and

characterized by flexibility and by letting sufficient policy space to ACP countries to outline their own policies and to build their productive and institutional capacities (Maes, 2011).

This distinctions of views could be found also between DG Development and DG Trade within the Commission: DG Development was responsible for the negotiations with the ACP countries under the Cotonou Agreement, and reflected the second view, but DG Trade hold, since 2001, the ACP trade competence, and pursued the first school of thought, that strongly influenced the approach of the EU mandate for the EPA negotiations (Makhan, 2009; Maes, 2011). The second approach was instead more in line with the Cotonou Agreement: Article 36(2) states that the EPAs are indeed "*development instruments*" but that their aim should be "*to foster smooth and gradual of the ACP States into the world economy, especially by making full use of the potential of regional integration and South-South trade*" (Cotonou Agreement, Art. 36(2); Maes, 2011). Moreover, the Cotonou Agreement did not forecast any obligation to include non-goods issues in the negotiations with the ACP; on the contrary, the EU, through the EPAs, aimed at achieving trade liberalization not only of goods, but also of services, and at including in the negotiations several other issues, such as investment, intellectual property rights, competition, etc., that the ACP Group was not ready to negotiate (Maes, 2011). This way, the EU adopted a hard-bargaining approach, and the EPAs required complex commitments and adjustments for the ACP countries, that, first of all, would be at the advantage of EU competitiveness: access to raw materials, free circulation of EU goods, the strengthening of intellectual property rights, allowing the EU to have a privileged access to ACP markets (Maes, 2011).

The EPAs negotiations failed to achieve definitive regional agreements by the deadline of the WTO waiver set for the end of 2007: the stronger position of the EU and the differences of views between the EU Member States and within the European Commission, and the subsequent incoherences, provided the causes for the EPAs failure (Keijzer and Bartels, 2017). As a matter of fact, the only comprehensive agreement entered into force before the deadline was the one between the CARIFORUM Group (the Caribbean region) and the EU, negotiated between 2004 and 2007: the CARIFORUM EPA includes regulations on trade in goods, in services, investment, competition, innovation, intellectual property, public procurement and development aid (Busse, 2010).

It was then agreed to adopt interim agreements with the other regions in Africa and the Pacific, that would have replaced the Cotonou trade preferences by 2008, but none of

them has been replaced by comprehensive agreements (Busse, 2010). This was mainly due to the fact that ACP countries lacked the institutional capacity to negotiate such complicated agreements with the European Commission, and also due to the lack of trust on the ACP sides (Busse, 2010): as we have seen, the outcome of trade liberalization does not automatically translate into beneficial effects in terms of development for the ACP countries (Maes, 2011).

According to the OECD DAC Guidelance for strengthening the trade capacity for development, the essential element is to adopt a "*carefully designed, mainstreamed trade strategy – a vision of how a national economy, given its strengths and weaknesses, should link with the global economy*", that requires adequate consultation mechanisms, in order to align the interests and goals of the key sets of stakeholders (government, the enterprise sector and civil society institutions) (OECD/DAC, 2001). As analysed in the previous Chapter, one of the main mechanism adopted to ensure coherence for development and improve the consultation mechanisms, is the use of Impact Assessments. For what concerns trade development, the Commission launched in 2002 the mechanism of the Sustainability Impact Assessment (SIA) of the EPAs: the SIA provides analyses of the impacts of EPAs trade policies on development (European Commission, 2005). The SIA represents an important tool for stakeholders to share their views on key aspects of the negotiations, such as their potential economic, social and environmental impacts[52].

The lowering of trade barriers and the subsequent improvement in the exchanges and in the trade specialization could be at the benefit of ACP countries, but only if they have already reached a certain level of development, including educational, financial and public infrastructure: the EU should therefore enhance its support to the building capacity of the developing countries through financial and technical assistance and through an increased policy coherence for development (Busse, 2010). The ability of the EU to successfully realise the development dimension of the EPAs is thus linked to its ability to ensure the ownership of the new trade arrangements in the ACP countries (Makhan, 2009). The EU has recognized the trade-development nexus, but it still lacks a coherent view on how to address it, because of the diverging interests between Member States and institutions (Carbone and Orbie, 2015). The case of the EPAs provides for the assessment of the EU's capabilities to act as a global actor shaping the development of the developing world, as it claims, and the EU's capabilities

[52] European Commission, Sustainability Impact Assessment, European Commission official web page: http://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index_en.htm.

to translate into practice its commitments towards Policy Coherence for Development (Makhan, 2009).

To conclude, the EPAs have the potential to strengthen the trade-development nexus, leading to successful outcomes for the ACP side: however, the development dimension of the EPAs has not yet been fully addressed, due to, on the one hand, incoherences generated by the complex multilayered EU structure, and, on the other, by the inconsistency between the ACP trade policy and the complexity of the issues involved in the EPAs (Makhan, 2009).

CONCLUSION

The European Union is a global player in international affairs and it is a fundamental actor in fostering the development of the Third World. Since its establishment with the Treaty of Rome of 1957, development cooperation towards developing countries has been a process under constant change (Holland and Doidge, 2012). The relations between the European Union and developing countries, in particular the African Caribbean and Pacific countries, have evolved over time, shaped by, on the one hand, the willingness from the part of the European Union, to act as a driver of development (Arts and Dickson, 2004); on the other, by the preponderance of the EU economic interests over the development interests of developing countries (Sepos, 2013). Trade has been, since the origins of the European Community, a fundamental aspect of these relations, and it has been progressively intended as a major source of economic growth, boosting development (Makhan, 2009).

This study has been developed in conformity with this assumption, trying to delineate the evolution of the EU development policy, and its relation with trade policy, according to the principle of Policy Coherence for Development: it has been analysed the emergence of development policy of the European Union, directed mainly to the former colonies of the Member States, the ACP countries, through the Yaoundé Conventions (1963). The following Lomé Conventions (from 1975) represented the first major attempt to reorient the EU-ACP relations towards a more equitable agreement, with the aim of favouring ACP development. With the turning of the 21st century, a new agreement was signed between the two blocks of countries, the Cotonou Agreement (2000), highlighting the primary objective of eradicating poverty and boosting development.

By analysing these agreements, the results of this study raise the question on whether the EU commitments to shape development in developing countries through its trading relations with the ACP, in particular, have been translated into practice, through a successful promotion and implementation of Policy Coherence for Development, or rather, the EU trade policy has been developed according to the economic interests of the EU and its Member States, perpetuating the economic dependency of ACP countries. In particular, it has been analysed the Economic Partnership Agreements as a case study, in order to understand the

relevance of Policy Coherence for Development in linking trade and development policies, in favour of the development of ACP countries.

Development cooperation was firstly established as a continuation of the old colonial ties that the Member States enjoyed with their former colonies, mainly African countries. The Treaty of Rome, signed on 25th March 1957, created the European Economic Community, that not only aimed at establishing a common market through the integration of the Member States economies, but also at maintaining trade relations with developing countries (Holland, 2002).

According to the so-called "Modernisation theory", the development of developing countries could be fostered through the industrialization and modernization of developing countries, in order to transform them into market-oriented economies (Holland and Doidge, 2015; OECD, 2018). The main principle on which the relationship between the European Community and the associated countries rested was the principle of reciprocity, with each side granting the same market access to the other, by the gradual opening of markets (Bartels, 2007).

After the independence of almost all African states in the early 1960s, it became necessary to officialise the treaty provisions: this led to the first Yaoundé Convention of 1963, signed by the European Community and the Associated African States and Madagascar, that recognized the national sovereignty of the signatory countries (Holland, 2002). Yaoundé I was then replaced by Yaoundé II (1969), with the inclusion of other African states, but basically re-proposed the same conditions, with the aim of liberalize trade on a reciprocal basis (Holland, 2002). However, the Community's development policy was still merely focused on the former colonies, and it was conceived as a means to maintain a special relationship with them.

The major change in the Community's development policy happened in 1975, with the signing of the first Lomé Convention, between the European Community and the newly established group of the African Caribbean and Pacific (ACP) countries, replacing the Associated African States and Madagascar, with the inclusion of the Commonwealth countries (Holland and Doidge, 2012). Lomé I was followed by three other conventions, respectively Lomé II in 1980, Lomé III in 1985, and Lomé IV in 1990 (Arts and Byron, 1997). The Lomé Conventions were considered the first meaningful and equitable North-South relations and as an example for a future multilateral framework, with a view of

enhancing development cooperation (Brown, 2002). As a matter of fact, they aimed at establishing trade relations among equal partners, each owing the right to pursue its own development policy strategy (Holland and Doidge, 2015). As a consequence, the principle of reciprocity regarding the market access was abolished, establishing non-reciprocal trade partnership (Holland and Doidge, 2015).

However, whilst the financial flows directed toward the ACP countries, little progress was achieved in terms of their economic growth and development (Holland, 2002). By mid-1980s, there was an increasing awareness of the fact that economic growth was not enough to boost development, and the purpose of Lomé III (1985) was extended "*to promote the economic, cultural and social development of the ACP states*" (Art. 1, Lomé III), thus referring to a wider range of issues related to development (Holland, 2002).

In the 1990s, The European Community was largely influenced by the Bretton Woods institutions, and complied with the principles of good governance, democracy and respect of human rights , emphasised in Lomé IV (1995) (Brown, 2004). However, with the approaching of the expiry date of the Lomé Convention, fixed by 1999, developing countries did not manifested to have gained sufficient benefits, and little progress was made in terms of reduction of poverty, since the "*one size fits all*" types of reforms, meaning a generalized application of the same neo-liberal reforms in all countries, proved to be inadequate for developing countries (Goldin and Reinert, 2012).

The 1990s represented the truly turning point for development policy of the European Union, that went through a series of challenges and reforms, deriving from both the transformation of its institutional structure, and from external pressures and challenges related to the spread of globalisation. First of all, the Treaty of Maastricht (TEU) legally established the official European Union development policy under Title XVII (now Title III, TFEU under the Treaty of Lisbon) (Pryce, Duff and Pinder, 1994). Development policy was defined as a shared competence, according to the principle of subsidiarity. Moreover, with the Treaty of Maastricht, it was for the first time envisaged, at EU level, the concept of Policy Coherence for Development, even though the term did not appeared yet in the Treaty (Barry, 2010).

At international level, the concept of Policy Coherence for Development officially entered the debate on development cooperation at the High Level Meeting of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) in 1991. It arose in the context of profound transformations of the

international economies, shaped by the spreading of the effects of globalisation: the opening of markets led to an increasing economic, but also social and political interconnectedness (Holland, 2008). On the one hand, free trade implied new opportunities for developing countries, that gained free access to developed countries' markets, expanding the chances to import and export products, rendering their economies more diversified and competitive (Makhan, 2009); on the other hand, globalization raised new global issues, having repercussions all over the world: urbanization, large scale production, mass consumption implied the exploitation of natural resources, causing damages on the environment that had effects on the populations (OECD, 1996).

It became more and more compelling the need to tackle a series of interrelated issues, in addition to ensure economic growth, in order to give to developing countries the possibility to achieve the three dimensions of development, economic, social and environmental (European Commission, 2006). Trade began to be considered as a key tool for boosting development, especially within the multilateral framework established through the creation of the World Trade Organization in 1995[53]. In particular, in 2001, the WTO launched the first round of multilateral trade negotiations, with the primary aim of enhancing development in developing countries, called the Doha Development Round (Braga and Jones, 2006). In this context, the OECD recognized the need to take account of non-aid policies, such as trade, agriculture, migration, environment etc. in order to render development cooperation more effective, complementing financial aid (Carbone, 2008).

Although Policy Coherence for Development was, by the mid-2000s, widely recognized as one of the priorities of development cooperation, with a view of attaining the Millennium Development Goals and the progressive eradication of poverty, the concept still lacked an agreed definition, and the literature largely discussed about its meaning and implications without reaching a common position. Whilst the absence of a clear definition, Policy Coherence for Development was considered a priority for development cooperation with the aim of improve its effectiveness (Ashtoff, 2005).

Taking into consideration the specific case of the European Union, coherence can be achieved at different levels, but the most important distinction is the one between *horizontal coherence*, meaning the consistency between aid and non-aid policies in view of an increased effectiveness in development cooperation, and *vertical coherence* between the EU institutions

[53] World Trade Organization official web page: https://www.wto.org/english/thewto_e/history_e/history_e.htm.

and Member States, in reason of the fact that development policy is a shared competence, and the Member States can adopt their own development strategies (Carbone, 2008). Horizontal coherence, therefore, regards the linkages between development policy and the other policies, most importantly those concerning the five priority areas, namely Trade and Finance, Environment and Climate Change, Food Security, Migration, Security (European Commission, 2009b).

Moreover, after the expiry of the Millennium Development Goals in 2015, and the adoption of the Sustainable Development Goals (SDGs), the OECD published the "*Policy Coherence for Sustainable Development Framework*", in which it outlined the guidelines for the achievement of the SDGs through the attainment of coherence at five complementary levels:

- coherence between global goals and national contexts;
- coherence among international agendas and processes, including the Millennium Development Goals, the various UN Conferences linked to development, the G20 and other international fora;
- coherence between economic, social and environmental policies;
- coherence between different sources of finance, including public, private, international and domestic funding;
- and finally coherence between diverse actions of multiple actors and stakeholders, such as governments, the private sector, civil society, regional and international organizations (OECD, 2015).

As stated above, at the EU level, development policy is a shared competence between the EU and the Member States: this implies the fact that policy coherence has to be promoted within the Member States, between the Member States and the EU institutions, and within the EU institutions. The commitment towards Policy Coherence for Development has been taken on by the European Commission, the Council of the European Union and the European Parliament, thus involving all the levels of the policy-making process, from the designing and adoption of a policy proposal by the Commission, through the legislative process by the Council and the Parliament to the implementation, monitoring, evaluation and review of the impacts of the policies (European Commission, 2015). However, major problems still exist in translating commitments into practice, due to a wide range of factors. In

fact, one of the main difficulties is related to measuring results and progress on Policy Coherence for Development: the EU has focused more on the promotion of Policy Coherence for Development, therefore on the processes (on "*how things are done*"), which positively increased awareness across the different stakeholders, but less attention has been placed on the outcomes ("*what is achieved*"), on the measurement of results deriving from the implementation of PCD, in order to assess the progress achieved (Di Francesco, 2001; Carbone and Keijzer, 2016).

Other elements render Policy Coherence for Development commitments difficult to be transformed into practice and measurable results (Carbone and Keijzer, 2016). Three types of resistance have been identified: firstly, the different policies that affect developing countries respond to different institutions, having different and clashing interests and goals (Carbone and Keijzer, 2016). The European Union is a particular case, since there is a set of policies, namely foreign trade, agricultural and fisheries policies, of exclusive competence: hence, the Member States, while adopting their national policies, must take into account also the EU policies, in order to avoid incoherences (Ashtoff, 2005). Secondly, the Member States are committed to different levels to development cooperation and they adopt distinct mechanisms to deal with cross-cutting policies; thirdly, the *heterogeneity among developing countries* with regard to their level of development, resulting in the impossibility of adopting an homogeneous approach to Policy Coherence for Development (Carbone and Keijzer, 2016; Foster and Stokke, 1999; Ashtoff, 2005; Adelle and Jordan, 2014). Due to the difficulty of translating commitments into results, makes, according to Carbone, a certain level of incoherence unavoidable, and thus the achievement of policy coherence for development a "*mission impossible*" (Carbone, 2008).

One of the priority areas in which the EU commits to promote and apply Policy Coherence for Development is Trade. Therefore, Trade relations between the EU and the developing world can be analysed as a case study for the application of Policy Coherence for Development, in order to assess whether the EU did actually transformed its commitments towards Policy Coherence for Development into results in this field, thus acting as a promoter of development and a global actor.

As we have seen, trade has been at the basis of the relations between the EU and the developing world, since the establishment of the Community: while, at the beginning, the EU tried to maintain a special tie with its former colonies, in order to ensure primarily its own

economic interests, the EU-ACP relations evolved towards the establishment of a more equal partnership, with the aim of making trade a tool for boosting the development of developing countries, in conformity with the belief that liberalization and open and free markets are the best solution through which economic growth can be pursued.

The negotiations of the Economic Partnership Agreements between the EU and ACP countries have been launched in September 2002, according to the provisions established in the Cotonou Agreement, with a view to being introduced by January 2007 (Holland and Koloamatangi, 2006). The Economic Partnership Agreements would provide the new trade arrangements replacing the trade provisions under Annex V of the Cotonou Agreement by 31 December 2007 (European Commission, 2007), when the WTO waiver, allowing for the discrimination through trade preferences granted to the Least Developed Countries by the EU (going against the non-discrimination principle), would expire (Stevens, 2008). The Agreements, established between the EU and six regional groupings of ACP countries, aimed at favouring regional South-South integration, according to WTO provisions on the elimination of trade barriers for a reciprocal liberalization of market access, in order to enlarge their markets, making the ACP countries more competitive and fostering their development (European Commission, 2007).

However, development entails a wide range of issues that complement trade regulation and imply the adoption of a more comprehensive approach, thus making trade liberalization a necessary but insufficient condition for development (Makhan, 2009): free trade has not produced the same beneficial outcomes in all countries, often related to the inefficient distribution of resources. As analysed throughout the study, development is also affected by non-aid policies, such as trade policy, as in the case of the Economic Partnership Agreements (Carbone, 2008). Therefore, Policy Coherence for Development is essential to link trade and development, in order to make the nexus function in favour of developing countries.

It has been concluded that, the Economic Partnership Agreements represent a truly important commitment of the EU in ensuring the development of ACP countries, and an example of the trade-development nexus within the EU (Makhan, 2009): however, they have highlighted the difficulty of translating commitments into practical results, resulting from the emergence of incoherences related to various factors, as outlined above.

First of all, within trade policy, different fora must be taken into account, both at national and international level, in order to ensure a certain level of *vertical* coherence. However, due to the wide range of actors involved, there are often conflicting objectives or strategies.

Secondly, for what concerns development policy, the complexity of the EU multilevel structure is important for the coherence between the Member States and the European Union, being development policy a shared competence: often, Member States have different objectives and priorities with regard to their development policies. Therefore, in the specific case of the Economic Partnership Agreements, whilst the negotiations are carried out mostly by the European Commission, being the trade policy of exclusive competence of the Union, it is necessary to consider also *horizontal* type of coherence between trade and development policies, with a view of making the Economic Partnership Agreements an effective tool for boosting development in the ACP countries.

The literature has highlighted both ineffective *vertical* coherence, between the EU and the international organizations, such as WTO, the UN and the OECD DAC, and between the EU and its Member States; and *horizontal* coherence, between trade and development policies of the EU, more specifically between the Directorates General DG Trade and DG Development of the European Commission, the first pushing for an approach more oriented towards the pursuit of the EU economic interests in the negotiations of the Economic Partnership Agreements, the second having a more "*pro-poor view*", and focusing on the achievement of development objectives of ACP countries (Carbone and Orbie, 2015).

The EU has recognized the trade-development nexus, but it still lacks a coherent view on how to address it, because of the diverging interests between Member States and institutions (Carbone and Orbie, 2015). The Economic Partnership Agreements were envisaged as complex negotiations, including not only trade liberalization of goods, but also of services, and arrangements on several other issues, such as investment, intellectual property rights, competition, etc. (Maes, 2011). The EU adopted quite a strong position in the negotiations, that would be mostly at the advantage of its competitiveness (Maes, 2011). The ACP countries often lacked the capacity to address the commitments on complex issues, thus resulting in the general failure of the negotiations: as a matter of fact, the only comprehensive agreement achieved before the set expiry date (2007), was with the CARIFORUM group (Busse, 2010).

The success of the trade-development nexus truly depends on the effective implementation of Policy Coherence for Development, firstly ensuring coherence between the two policies, and secondly, among all the actors involved, including the ACP countries (Makhan, 2009). Since trade does not automatically produce beneficial outcomes with regard to the development dimension, it is important that some fundamental factors are guaranteed: in reason of the different levels of development among ACP countries, their specific trade and development strategies should be fully taken into account in the negotiations of the Economic Partnership Agreements, with a certain degree of flexibility and the provision of adequate assistance on the part of the EU, the stronger partner, in order to support the ACP in enhancing their capacity to trade and pursuing their development objectives (Makhan, 2009).

Policy Coherence for Development is recognized as a fundamental element for ensuring future development of ACP countries. However, this study tried to highlight the main obstacles that the EU encounters in the implementation of the principle. In particular, the complexity of the multilayered institutional structure of the European Union, that makes it difficult to ensure the vertical type of coherence, and the predominant economic interests of the European Union over development interests of its partner countries, that undermine the horizontal type of coherence between the EU trade and development policies, have made it difficult to act as successful promoter of development. Whilst providing over half of global aid, the EU still lacks the capacity to transform its high ambitions in international development cooperation into successful performance (Carbone and Keijzer, 2016; Arts and Dickson, 2004).

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