



# Policy Proposal on EU Foreign Development Policy

Proposing an EU Strategy for South-South Cooperation

Brussels, April 17th 2016

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## Executive Summary

The shift towards South-South development cooperation provides an opportunity for the European Union (EU) to redefine its role to developing countries. Currently, the EU lacks a comprehensive strategy allowing for EU involvement in triangular cooperation. Therefore, an EU framework for such cooperation is proposed.

Such a strategy should aim at a) defining the EU's role as a facilitator of South-South development cooperation; b) promoting a shared-responsibility development model by involving emerging donors in global development efforts; c) building capacities for future development aid in emerging donor countries; and d) recommending an EU framework for triangular South-South cooperation.

It is proposed that the EU strategy for triangular cooperation incorporates a framework for triangular cooperation as a new programme in addition to the already existing geographic, thematic and Pan-African Programme under the DCI Regulation for the next period 2021-2027. Such framework for triangular cooperation should include the following points:

- a.** Countries that are eligible for the program are outlined in the DCI Regulation 1905/2006 Annex 2 updated version of the DAC List of ODA Recipients for 2014, 2015 and 2016 flows;
- b.** Proposed projects will be assessed by DEVCO on the basis of the Guidelines on Proposal Evaluation and Selection Procedures;
- c.** In order to guarantee effective triangular cooperation, the three partners shall create an implementation strategy;
- d.** A monitoring mechanism will allow for review.

## Introduction

Being a global player with a pioneering normative outlook, the European Union has always been on the cutting-edge of development cooperation. Considering the shift in development cooperation schemes from an emphasis on North-South relationships to South-South relationships, it is important for the EU to take up this opportunity and define its role in this new development paradigm. Thus, the EU has the opportunity to become a constructive partner in South-South development cooperation by formulating its own concrete policy in this field. It would provide for a natural continuation of the Cotonou Agreement as it wholly reflects the principles of equality of partners and ownership of development strategies. Thus, the purpose of this policy proposal is to provide for an EU framework for triangular South-South development cooperation.



## Policy Proposal

### Problem Statement

Currently, the EU lacks an explicit strategy adapting to the recent paradigm shift in development, changing the model of North-South development aid to one of South-South development cooperation. The increasing demand for ownership of development cooperation from emerging donors provides ample opportunity for the EU to become an important supporting actor in coordinating *Triangular Cooperation*.

### Defining Triangular Cooperation (TrC)

Triangular Cooperation is defined as development and technical cooperation for capacity building executed trilaterally. Often based on previous cooperation between traditional donors, such as the EU, and emerging donors, with successful programs worth transferring to a third country of equal or lesser developmental status.

### Background

In the past decade, the EU has endorsed United Nations Development Program (UNDP) and World Bank efforts to support South-South cooperation and voiced its intention to expand its involvement in the field, e.g. through the Council Conclusions on an Operational Framework on Aid Effectiveness, outlining the importance of “South-South cooperation and triangular cooperation between the EU, developing countries and emerging donors.”

However, concrete support in South-South cooperation has so far only been offered by individual Member States within triangular setups of development cooperation. The following proposal thus identifies the opportunity window for a centralized strategy on triangular arrangements through the EU’s development agencies.

Through formulating a concrete strategy, the EU can reposition itself in the discourse of South-South cooperation. There is a myriad of benefits to the promotion of triangular South-South cooperation. Triangular cooperation allows for increased effectiveness by transferring successful aid experiences from emerging donors to other developing countries. Cooperating with emerging donors ensures context-sensitive development as well as shared responsibility in the development agenda.

In addition, an increase in aid efficiency can be expected considering the fact that costs will be reduced by hiring experts from emerging donors as well as by pooling resources. Furthermore, triangular cooperation helps to scale-up South-South cooperation as well as improve its quality. South-South cooperation can in some cases lead to more regional cooperation and integration, especially if the two developing countries are located in the same region. Finally, triangular cooperation provides for phasing out EU development cooperation in a gradual manner and redefines its relationship with emerging countries.



## Objectives

In response to these challenges and in order to perpetuate the EU's role as the leading player in international development efforts, this proposal aims to a) define the EU's role as a facilitator on South-South development cooperation; b) promote a shared-responsibility development model by involving emerging donors in global development efforts; c) build capacities for future development aid in emerging donor countries; and d) recommend an EU framework for triangular South-South cooperation.

## Policy Recommendations

It is recommendable for the Union to create an EU strategy on triangular cooperation, which could be achieved through the following steps:

### 1. Provide a Legal Framework for Triangular Cooperation in the DCI Regulation for the period 2021-2027

#### 1.1 Legal Basis

Triangular cooperation is not specifically mentioned in the Treaty on the Functioning of the European Union (TFEU) and the Treaty on European Union (TEU). However, it does can be legally integrated into the legal framework of the EU. Article 21 TFEU states that the EU shall:

*"[...] develop relations and **build partnerships** with third countries and international, regional or global organizations [...] It shall **promote multilateral solutions** to common problems."*

In order to implement triangular cooperation, Article 209 TEU has to be applied, which requests the European Parliament and the Council to adopt *"the measures necessary for the implementation of development cooperation policy"* under the ordinary legislative procedure.

#### 1.2 Include Triangular cooperation into DCI Regulation for the next period 2021-2027

The Commission's Directorate-General for International Cooperation and Development (DG DEVCO) is responsible for designing and implementing international cooperation and development policy. DG DEVCO has several funding instruments in order to achieve the goals of EU external action. The largest funding mechanism for development cooperation within the EU budget is the Development Cooperation Instrument (DCI). It currently covers geographic programmes, thematic programmes and the Pan-African Programme.

The Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishes the framework of the DCI for the period 2014-2020. Article 3(9) of the Regulation on General Principles requires the Union to support and promote triangular cooperation and South-South cooperation. Including this as a mere principle



has not ensured the application of triangular cooperation in the context of the DCI. In order to establish a framework for triangular cooperation, the Regulation for the next period 2021-2027 should **add triangular cooperation** as a **new programme** to the already existing geographic, thematic and Pan-African programmes.

## 2. Defining Actors & Assessing Projects

### 2.1 Using DCI Regulation 1905/2006 Annex 2 Updated for Eligibility Criteria

Countries that are eligible for the programme are outlined in the DCI Regulation 1905/2006 Annex 2 updated version of the DAC List of ODA Recipients for 2014, 2015 and 2016 flows. The Annex's income classification will be used to differentiate Least Developed Countries (LDC's), Low Income Countries (LIC's), Lower Middle Income Countries (LMIC's) and Upper Middle Income Countries (UMIC's).

It is important to define the different roles involved in TrC, emerging donor, traditional donor and recipient, but although the roles are fixed in the triangular nature of the cooperation, countries are not bound to a certain role depending on their income levels. Acknowledging that much of TrC has been between Middle Income Countries, there needs to be flexibility when defining the roles of emerging donor or recipient for MIC's.

Annex 2 will define the pool of actors for both emerging donors and recipients, taking into consideration differing income classifications and flexible roles of donor and recipient countries. Traditional Donor will be DEVCO, receiving funding from the DCI. The implementation of funding will be channelled through non-state actors from civil society, NGO's or International Organisations depending on the resources available to the emerging donor and recipient country.

### 2.2 Procedure for Project Selection

- Emerging donors and recipients shall approach DEVCO in partnerships with existing project plans looking for funding;
- DEVCO shall assess projects on the basis of the Guidelines on Proposal Evaluation and Selection Procedures. In addition, the projects shall be assessed taking into consideration the Busan Outcomes for South-South Cooperation and the EU Common Position for the Fourth High Level Forum on Aid Effectiveness which articulate:
  - a. Transparency, accountability and predictability
  - b. Country ownership
  - c. Strengthen delivery and effectiveness with a focus on results
  - d. Inclusive development partnerships
  - e. Reduce aid fragmentation and promote harmonisation



- According to these benchmarks DEVCO shall decide to fund or negotiate the project further in order to fit the criteria of the framework and be reassessed.

### 3. Joint Implementation: Funding, Implementation Strategy and Monitoring

Once an agreement on the project has been reached, the project between the three actors will be implemented along the guidelines on funding, implementation strategy and monitoring outlined below.

#### 3.1 Funding

The emerging donor and DEVCO shall agree on each party's contribution to a joint fund for the development project. This is followed by a detailed allocation of financial means to different stages and steps of as set out in the project. The DEVCO budget originates from the previously stated changes in DCI Regulation.

#### 3.2 Implementation Strategy

In order to guarantee effective triangular cooperation, the three partners shall create an implementation strategy based on:

- The benchmarks outlined in section 2.2;
- Transfer of best practices learnt from previous experiences in triangular cooperation (i.e. Task Team on South-South Cooperation by the OECD-DAC Development Assistance Committee), entailing:
  - Knowledge sharing with regard to the expertise of the emergent economy of development aid, through their own experience, and simultaneously the expertise of the DCI in providing development aid;
  - Technical cooperation between the emerging donor and DEVCO;
  - Working with existing structures in emerging donor and recipient country and enhancing them.
- Capacity building in the recipient country;
- Empowering civil societies and regional organisation in the recipient country.

#### 3.3 Monitoring Mechanism

A monitoring system based on existing DEVCO monitoring arrangements on development aid will allow for regular review and result in effective and quality aid. The monitoring mechanism will ensure that the implementation of the development project is in accordance with the benchmarks outlined in section 2.2 through:



- A supervisory authority, comprised of representatives of the three actors shall be appointed to assess the consistency of benchmarks in the project and ensure a comprehensive perspective;
- This authority will carry out consistent monitoring through filing regular reports on progress, review possible downfalls and a final assessment of the overall success of the project.

## **Conclusion**

The benefits of implementing triangular cooperation as the main framework in development efforts is manifold. First and foremost, the inclusion of different actors and their respective knowledge and expertise ensures higher efficiency. Such a framework also redefines the EU's relationship to the Global South, boosting its image and prestige as a partner. Moreover, it paves the way for emerging economies to take up a larger responsibility in development efforts and so reduces, in the long-term, the share of European contribution.

