

# Ambition with credibility: explaining (variation of) EU effectiveness in international development negotiations

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**ABSTRACT** This article analyses the role played by the European Union (EU) in the changing development architecture, focusing on the negotiation and conclusion of four high-level forums on aid effectiveness, held in Rome (2003), Paris (2005), Accra (2008) and Busan (2011). Drawing on published and unpublished material and 32 interviews with senior officials involved in these international negotiations, it reaches two main conclusions. First, EU internal effectiveness does not always translate into EU external effectiveness: in some cases, in fact, it may even be counterproductive. Second, to explain the EU's ability to have an impact in multilateral negotiations, it is necessary to take into account the quality of the message (i.e. level of EU ambitions vis-à-vis other negotiators) and the quality of the messenger (i.e. degree of EU credibility, again in relation to other negotiators).

**KEY WORDS** Effectiveness; EU actorness; ambition; credibility; development policy; foreign aid

## Introduction

Does EU internal effectiveness translate into EU external effectiveness? The answer for an overwhelmingly majority of studies in EU external relations has been overwhelmingly affirmative: unity makes strength, that is the EU's ability to speak with one voice is positively correlated with its ability to affect policy outcomes in international contexts (Jupille, 1999; Meunier, 2000; Dür and Zimmerman, 2007; Groenleer and Van Schaik, 2007; Van Schaik, 2013). This (causal) link has been increasingly challenged and, in fact, it has been shown that, at times, high internal effectiveness may result in low external effectiveness (Thomas, 2012; Nieman and Bretherton, 2013; da Conceição-Heldt and Meunier, 2014). Case studies from numerous policy areas – e.g. trade, foreign policy, climate change and environmental policy – have been used to support one of the these two possibilities. Development policy has largely been absent from these considerations (but see Carbone, 2013). This omission is somewhat surprising, not only because the EU is the largest provider of foreign aid in the world (though this is a problematic statement)<sup>1</sup>, but more because the field of international development has gone under some major transformations since the

beginning of the twenty-first century. In particular, the slowly emerging consensus built around shared norms and principles agreed in various international forums in the first decade of the 2000s started has been increasingly challenged by the rise of new development actors. These changes in the development architecture have attracted significant attention from scholars in the field of International Development, yet again the role of the European Union has been ignored (Lancaster, 2007; Lumsgaarde, 2011; Mawdesley et al., 2013).

This article seeks to fill this obvious gap by presenting a longitudinal analysis of the role played by the EU in four negotiation rounds on foreign aid between 2003 and 2011. To do so, I first looked at official documents (including public and unpublished records of meetings), reports of specialized media, blogs from participants in the various negotiation processes. Impressionistic evidence suggested that the EU was active, yet it was considered a 'leader' in some cases and a 'ghost' in others (Manning, 2008; Ellmers, 2011; Fejerskov and Keijzer, 2013; Atwood, 2013). These preliminary findings begged another question: what explains variation in the EU's ability to affect outcomes in international (aid) negotiations? Then, I completed 32 semi-structured interviews with senior policy-makers between June 2008 and September 2013. Interviewees included the most important officials involved in the negotiations from the European Commission (EC), the European External Action Service (EEAS), the Development Assistance Committee (DAC) and the World Bank, key policy-makers from numerous EU Member States (i.e. France, Germany, United Kingdom, Italy, Belgium, Denmark, Finland, Netherlands, Poland, Sweden) and some non-EU countries (i.e. USA, Japan, Norway), and a sample of NGO representatives (i.e. Actionaid, BOND, Concord, Reality of Aid). Not only did they represent diverse viewpoints, but a majority of them were involved in at least two of the four negotiation rounds covered in this study (in some cases three, and in two cases even four). From the empirical data it eventually emerged – and this is the main argument of this paper – that to explain the EU's ability to have an impact in multilateral negotiations, it was necessary to look not only at the internal-external effectiveness equation, but also at the quality of the message (i.e. level of EU ambition vis-à-vis other negotiators) and the quality of the messenger (i.e. degree of EU credibility, again in relation to other negotiators).

The remainder of this article is structured around two main parts and a conclusion. The first part proposes a conceptual framework, situating this paper within broader debates interested in the impact of the EU in international contexts. It first looks at the link between EU's internal and external effectiveness, and then emphasizes the importance of ambition and credibility as central factors to explain how internal effectiveness translates into external effectiveness. The second part explores the role of the European Union in the high-level forums on aid effectiveness held in Rome (2003), Paris (2005), Accra (2008) and Busan (2011). To better appreciate the role of the EU in these forums, different stages of the negotiations are discussed, from agenda-setting to end-

bargaining through agenda-shaping. The conclusion summarizes the main findings emerging from the analysis of the four forums and makes some general points on the EU's contribution to the changing development architecture.

### **Conceptual framework: EU effectiveness in multilateral negotiations**

The behavior/role of the European Union in multilateral negotiations has received significant attention from different strands of EU studies. Besides the group of scholars interested in the concept of 'effectiveness', it has been analyzed by scholars interested in leadership (Elgstrom, 2007; Killian and Karlsson, 2010; Van Schaik and Schunty, 2012), performance (Jørgensen, 2013; Dee, 2013), and external perceptions (Lucarelli; Elgstrom). This section uses insights from these different strands to develop a conceptual framework that can further our understanding of the EU's effectiveness in multilateral negotiations. To do so, it proposes a three-step process.

#### *Internal and external effectiveness*

The first step is to unravel the concept of internal effectiveness, and here the long-standing debates on EU actorness, presence and coherence provide a solid start (Sjostedt, 1977; Hill, 1993; Jupille and Caporaso, 1998; Bretherton and Vogler, 2006). These contributions were certainly important and generated models widely used in empirical studies, yet they presented some problems: too narrow in that they focus on internal dynamics (Sjostedt, 1977), excessively complex owing to the number of criteria and sub-criteria used (Jupille and Caporaso, 1998), mixing different aspects of the internal-external equation (Bretherton and Vogler, 2006). The risk for this article is similar in that there are trade-off between parsimony and richness to be made when studying policy effectiveness (Niemann and Bretherton, 2013: 267). The choice, in line with da Conceição-Heldt and Meunier (2014), is that of concentrating on the output dimension of internal effectiveness, that is whether the EU is able to formulate a clearly defined collective position, which is not undermined by EU Member States when is represented internationally. The relevant issue, therefore, becomes not homogeneity, but congruence of Member State preferences. Following Thomas (2012), it is argued that internal effectiveness is highest when it scores high on both policy determinacy (i.e. clearly defined goals set the limits for acceptable behavior by the Member States and European institutions) and political cohesion (i.e. reflecting how fully EU member states and institutions support the common position). Some caution should still be used in that actors do not reveal their real intentions publicly – hence the use of independent evidence and confidential interviews may help overcome this problem. Moreover, internal effectiveness is not a dichotomous variable, but falls along a continuum, from low to high.

The second step is to define and operationalise the concept of EU 'external effectiveness', and here the literatures on international regimes and performance are of help (Young, 1994; Undertal, 1992). Interestingly, existing contributions on the EU's external relations tend to define effectiveness in terms of *goal-achievement*, which concerns the extent to which the EU achieves the goals it sets for itself. This minimalistic definition may tell about the EU's ability to achieve its goals, but does not say much about the EU's impact in international negotiations. There is another important component used by regime effectiveness scholars, which looks at *problem-solving*: this concerns the ultimate effect of the EU's activity to find solutions for a problem at stake. Laatikainen and Smith (2006) had in part introduced this second aspect when they stated that their interest was in understanding how the EU could "strengthen the UN's capacity to act and have influence". Nevertheless, when da Conceição-Heldt and Meunier (2014) define external effectiveness as "the ability to shape outcome" – more than Thomas (2012: 460) who defines it as "the Union's ability to shape world affairs in accordance with the objectives it adopts on particular issues" – they seem to conflate the two aspects, without making it explicit. In fact, this may be problematic in that there may be a straightforward relationship between these two aspects, but "goal attainment and problem solving need not go together" (Young, 1994: 144): it may be possible that the EU achieves its goals, yet does not have a substantial impact on policy outcomes – but I will return to this point below, when I discuss the issue of ambition.

Measuring (internal and external) effectiveness proposes different kinds of challenges. First of all, objectives may be too broad or may not be necessarily clear, so any assessment may just be just difficult if not meaningless (Jorgensen, et al., 2011). Second, it could be necessary to set some ideal standards, a collective optimum – and it is done some times by the regime literature – against which to measure the EU's effectiveness. In other words, the question is whether the regime "solves the problem that motivated its establishment" (Undertal, 2002: 11), or more specifically whether there was any improvement compared to a scenario with no regime or if an optimal solution to the problem was reached (Helm and Sprinz, 2000; Young, 2001). However, the problem is that the EU is only one of the actors involved in this process. Thus, by drawing on the literature on performance of international organizations, it would be necessary "to address both the outcomes produced and the process – the effort, efficiency and skill – by which goals are pursued by an individual or organization" (Gutner and Thompson, 2013: 58). A starting point, thus, is to look at what the EU sets to achieve in each negotiation (*vis-à-vis* the status quo and the positions of other international actors) and then compare it with the final outcome. But even in cases of (full or even partial) congruence between the two, this does not mean that change should, automatically, be attributed to the EU. Of course, this problem is not easily solvable, but by taking into account the position of various actors – again through elite interviews from different negotiating parties,

triangulated, as much as possible, with news reports – it is possible to derive a reasonably reliable sense of how negotiations were conducted.

The third step is to unravel the link between internal and external effectiveness. Three possible scenarios can be devised (Thomas, 2012: 461-62; da Conceição-Heldt and Meunier, 2014: 969-71):

1. *EU internal effectiveness increases EU external effectiveness.* This scenario characterizes a large portion of the existing literature.
2. *EU internal effectiveness reduces EU external effectiveness.* This scenario results from preference heterogeneity among Member States, which either engage in protracted deliberations thus wasting time that could instead be used in fruitful outreach activities; or agree on modest collective positions, thus compromising the EU's ability to substantially affect extra-EU negotiations. It also results from agreements that hinder EU flexibility in international negotiations, which either isolate the EU or produces negative reactions from third parties.
3. *EU internal effectiveness has no impact on EU external effectiveness.* This scenario is a consequence of the fact that issues being discussed in multilateral negotiations may be too complex for the EU to make a difference. Moreover, there may be cases in which having a formalized common position is not necessary for the EU to really matter, provided that all the EU actors send the same message and seek to achieve the same goals.

### ***Ambition and credibility***

The relationship between internal and external effectiveness is certainly conditioned by the environment in which the EU operates (da Conceição-Heldt and Meunier, 2014). In particular, it is necessary to look at issues such as the broader political constellation. In the past, the main alter-ego for the EU was the USA, but the rise of new powerful actors and the enhanced agency of developing countries has added complexity. Nevertheless, bearing in mind again the trade-off between parsimony and richness, this article identifies two potential sources of EU influence in multilateral aid negotiations: ambition and credibility, when they work in pair, are important predictors of EU effectiveness. It is also important to note that the link posited here is probabilistic rather than deterministic, which means that the presence of certain factors increases the likelihood of a certain outcome.

Ambition generally identifies a strong desire for some type of achievement or distinction. In our case, it is used to better qualify (the EU's external) effectiveness: the EU may achieve its goals, but its actual impact on international negotiations may be irrelevant because of its lowly ambitious agenda. Ambition can be captured by looking at the distance between the preferences of the EU and those of other relevant/important players (BETTER HERE). Ambition entails

strong support – or at least, not open resistance – by Member States and supranational institutions, who can be driven by the pursuit of interests and/or the promotion of norms. Lack of ambition, by contrast, generally reflects divisions (again, both of a material and ideational nature) between the Member States or lack of positive initiatives from the European Commission and the Presidency (Jorgensen et al, 2011; Young, 2011; Dee, 2013). MORE WORK ON THIS CONCEPT DRAWING ON THE PERFORMANCE LITERATURE. Also look at Meunier (2000) for example who talks of the reformist/progressive agenda of the EU in trade.

Credibility is generally defined as the quality of being believable and worthy of trust. It depends on the (future) perceived ability of an actor to deliver on what it preaches and/or its (past) compliance record – after all, international negotiations can be seen as iterative games (Kilian and Elgstrom, 2010; Parker and Karlsson, 2010). Other international actors follow closely not only what the EU says, but also what it does. In the case of the EU, credibility may be jeopardized by open disagreements between different Member States: third parties tend to exploit intra-EU divisions to question the credibility of the EU as an international negotiator (Elgstrom, 2007).<sup>2</sup> MORE WORK ON THIS CONCEPT DRAWING ON THE LEADERSHIP AND EXTERNAL PERCEPTION LITERATURE.

Development policy represents an excellent case for unraveling the factors influencing the EU's changing impact in international negotiations. The European Union, being the largest donor in the world, is potentially capable of exerting great influence in development negotiations. For many years, this potential remained largely unfulfilled, and various observers attributed it to limited institutional capacity and the different traditions and development commitments of the various Member States, which limited its ambition and credibility in international development. By the mid-2000s, however, the EU seemed to emerge as an important player in the global discourse on development. The adoption of the European Consensus on Development (2005) underpinned the “new season” of EU development policy, where there an attempt to project a common vision on international development and even challenge the leadership of the two dominant international organizations in foreign aid, the World Bank and the Development Assistance Committee. HERE I WILL ALSO JUSTIFY THE FOUR NEGOTIATIONS ROUNDS. *Interestingly, the four episodes are particularly relevant because they allow holding the internal effectiveness constant: thus, I will also be able to tease out the effects that credibility and ambition on external effectiveness.*

### **Empirical component: the EU and the global agenda on aid effectiveness**

Following a decade of harsh criticism, the beginning of the twenty-first century marked a sort of revival for the sorts of foreign aid. The substantial increases in

volume of aid made by most donors, including the EU and USA, following the Financing for Development (FfD) conference in Monterrey in 2002, were soon accompanied by a number of initiatives in the area of aid effectiveness, agreed upon at various global forums held since the first forum on aid harmonisation held in Rome in 2003. But it was with the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action that traditional donors made more concrete steps to address the numerous criticisms generated by the alleged lack of impact of aid on development. The (initial) implementation of this new consensus did not produce the expected results, which together with the global economic crisis and the emergence of new donors, led to questioning foreign aid as a whole – and the 2011 Busan conference was a manifestation of the changing development architecture. This section, in line with the three-stage process identified in the conceptual framework, looks at the four forums from the perspective of the European Union to ascertain EU internal effectiveness, consider EU external effectiveness, explore the link between internal and external effectiveness, while simultaneously taking into account level of ambition and degree of credibility.

#### ***HLF-1 (2003): Rome Declaration on Harmonization***

The EU did not adopt a common position for the first HLF (Rome, 24-25 February 2003). Promoting harmonization was one of the commitments made by Member States in the context of the 2002 FfD international conference,<sup>3</sup> yet attention initially concentrated on volume of aid and other sources of development financing (Carbone, 2007). The actual preparation of HLF-1 revolved around the collaboration between the World Bank – which looked like as “they wanted to explain everything to everybody else” (Interview) – and the United Kingdom – which “managed to shape discussions thanks to Richard Manning, who actually was DFID’s trojan horse within the DAC” (Interview). A senior official from the European Commission admitted that “The UK was leading the agenda, while the European Commission, which had just completed a major administrative reform, had not yet established itself as a credible development actor” (Interview; see also Owa, 2008). Actually, several Member States, for instance Germany, were suspicious that “the European Commission, which had a minimalistic understanding of aid effectiveness, would push the EU as a whole to focus on budget support, and make it the central component of the aid effectiveness agenda” (Interview). The Nordic Member States were happy with their level of coordination on the ground, and thus manifested skepticism at any attempt to have a common European voice on harmonization (Interview). Against this background, the EU as a whole put forward only a modest proposal.

The actual meeting in Rome was attended by a rather small number of officials coming from traditional donors. The importance of the *Rome Declaration on Harmonization*, which at the time did not attract any public attention, was mainly in the fact that “it started shifting the blame from recipients to donors”

(Interview). In terms of actual achievements, there was a fuzzy commitment by donors to harmonize their aid policies and align them with partner countries development strategies. Nevertheless, some observers pointed to the fact that, despite “the strong resistance by the World Bank to have a conference outcome” (Interview), “for the first time a ministerial-level declaration was proclaimed about aid effectiveness” (De Milly, 2012: 2). Thus, the most visible result of the Rome process, for some, was the establishment of the Working Party on Aid Effectiveness and Donor Practices (WP-EFF), whose goals (and merit) was that of unifying the different strands of the aid effectiveness agenda. Incidentally, it is interesting to note that after this first high level forum, which mainly focused on harmonisation, the World Bank lost interest in the aid effectiveness agenda and in the other three forums became one of the most conservative actors (Interview). The EU, overall, played a marginal role. The Greek Presidency, not a strong one, simply announced that the European Commission would propose a set of recommendations for actions to be implemented by all EU Member States and by itself (European Commission, 2003).<sup>4</sup>

#### ***HLF-2 (2005): Paris Declaration on Aid Effectiveness***

The case of the second HLF (Paris, 28 February – 2 March 2005) is more complicated. The EU did not adopt a formal common position ahead of the summit. However, in November 2004 the Council endorsed a report, submitted by an *ad-hoc* working party on harmonization operating within the Council between May and October 2004 (Council, 2004), which eventually “constituted the basis for the EU’s negotiations during the summit in Paris” (Interview). The plan represented a compromise between two positions. On the one hand, the European Commission, drawing on the positive momentum generated by the FfD conference (Carbone, 2007), sought to strengthen the role of the EU in international development (Interview). Interestingly, several officials within the European Commission admitted that “most of these ideas actually came from the Nordics and the UK” (Interview). On the one hand, the group of ‘like-minded countries’ (i.e. mainly the United Kingdom and the Nordics), which provided large quantities of aid and were good performers in terms of quality of aid, were happy to promote as much as possible of the aid effectiveness agenda beyond the restricted circle of usual suspects (Interviews). Interestingly, officials from Nordic countries acknowledged that “originally we were skeptical about anything the European Commission proposed. But eventually we understood that elevating this issue to the EU level was key to making progress at the international level” (Interviews).

The summit in Paris, attended by development officials and ministers from some donors and few developing countries, attracted little public attention. Negotiations were difficult. The lack of a formalized common position meant that initially some EU Member States pursued their own agenda. France did not play a role, except being the host of the summit (Interview). Germany was very



cautious: “especially on budget support, it was closer to the positions of USA and Japan than to the EU’s” (Interview). But eventually this situation changed, and “a common position was developed on the spot” (Interview), so much so that “an unseen alliance between the European Commission and the like-minded countries clearly tipped the balance” (Interview). The negotiations, thus, centred around two groups: the EU at one side and the USA and Japan at the other side. While the two groups were broadly in agreement about general principles, the matter of contention became the introduction of targets and indicators (Interviews). The EU was able to persuade the few representatives from the developing world, particularly Nicaragua (Interview, PL, August 2012). Eventually, the Paris Declaration was adopted, including 12 indicators. Interestingly, all observers, including the most critical ones, concur that the “most significant progress achieved at the Paris Forum was agreement in principle on a set of monitorable targets for changes in donor, recipient and joint behaviour” (Rogerson, 2005: 531). Yet, the role of the European Union is overlooked. The Luxembourg Presidency eventually read out a common position on behalf of the European Union, was more important than acknowledged (Interview), though “the European Commission used it to take the lead in the last stages of the negotiations” (Interview).

The *Paris Declaration on Aid Effectiveness* represented ‘a significant juncture in the history of development assistance and co-operation’ (Hyden, 2008: 259), not least because “it united under the whole-encompassing concept of effectiveness different strands” (Interview). The Paris Declaration soon became the main reference document for aid agencies in donor countries and for treasury ministries in developing countries (Rogerson, 2005). More specifically, donors committed themselves to harmonising their aid policies and aligning with the partner country’s national development strategies, whilst recipients committed themselves to take ownership and exercise leadership over their development policies and strategies. Nevertheless, the European Union acknowledged that “would have liked the Declaration to contain more precise and quantifiable objectives so as to be able to assess in practical terms the fulfillment of commitments in years to come” (EU Presidency Press Release, 3 March 2005). For this reason, it decided to unilaterally make some additional commitments: “this showed how ambitious we were about aid effectiveness and I think this enhanced our credibility as a new development actor” (Interview). It was even the case that “paradoxically the European Commission risked hijacking the final outcomes, by asking too much of their US counterparts” (Interview). Despite the lack of a formalized common position, even the least attentive analyst would find it difficult not to see the high degree of congruence between the report endorsed by the EU Council in November 2004 and the March 2005 Paris Declaration. Interestingly, Richard Manning, the then DAC General Secretary, concedes that not only “Paris High Level Forum was an interesting example of EU members coming to a DAC-hosted event with a clear common position”, but

also that this facilitated the role of the DAC in brokering agreement with other non-EU donors (Manning, 2008: 14). For another official with the DAC, “It seemed that for the first time in DAC-led negotiations European Union did not coincide with European Commission, but was something bigger” (Interview).

### *HLF-3 (2008): Accra Agenda for Action*

The preparation for the third HLF (Accra, 2-4 September 2008) was influenced by the positive legacy of Paris. Within the EU it was clear that: “We needed to be as united as we were in Paris to get any leverage with the USA and Japan” (Interview).<sup>5</sup> A number of technical seminars were organized, and even some of the lukewarm countries were socialized into (the appropriateness of) having a common EU position (Interview). The common position, formalized first at the Development Council in May and then at the GAERC in July 2008, centred around four ambitious priorities: accelerate progress on division of labour; use of country systems; enhance predictability of aid; promote mutual accountability for results (Council, 2008, *Agence Europe*, 27 August 2008; *European Report*, 4 September 2008). The high level of EU internal effectiveness is exemplified by the unprecedented words used by a Swedish state secretary for international development, Joakim Stymme: “The EU is the world’s largest donor but it doesn’t always feel that way. We don’t always understand we are part of the world’s largest donor community and we don’t always act that way” (*Inter Press Service*, 31 July 2008). The ambition of the EU common position fed into the WP-EFF, which was preparing the Accra summit. In a letter sent in early August 2008 on behalf of the EU to the chair of the WP-EFF, France – which “had always been lukewarm on the whole issue of aid effectiveness, but was instrumental in playing the role of ‘good’ Presidency in the Accra process” (Interview) – stated that the EU was not happy with the draft policy outcome document: the draft “falls short in terms of precise mechanisms and time bound commitments” (*European Voice*, 28 August 2008). In those preparatory meetings, the EU, again, faced significant opposition from the US and Japan on the use of country systems and on ending the practice of tying aid (*Agence Europe*, 27 August 2008; *Financial Times*, 3 September 2008).<sup>6</sup>

The actual summit in Accra, attended by a larger number of people than before (particularly developing countries and civil society) proposed some interesting dynamics. On the second day of the summit, it was announced that an agreement between policy-makers had been found, and that a document was ready to be signed at the Ministerial session the following day (*New Europe*, 8 September 2008). A number of European ministers – most notably French Alain Joyandet, Dutch Bert Konders and UK Douglas Alexander, as well as EU Commissioner Louis Michel – publicly manifested their discontent, arguing that the text “their officials had produced for them was not ambitious enough” (Interview; see also Keijzer, 2011). At the initiative of the EU (most notably a joint effort of Presidency and Commission), negotiations were reopened (Interviews;

see also *New Europe*, 8 September 2008). This move was considered unacceptable by the USA – “not least because they did not have any heavyweight coming to the summit” (Interview). The European Union negotiated as a single block and “this strategy led to a more ambitious European position rather than watering it down” (Schulz, 2008: 2) as had happened in other circumstances. At this point, the group of developing countries – which, albeit unwillingly, had accepted the initial compromise (Interview) – took the opportunity to put on the table some of their demands on South-South cooperation. The European Union, because of its ambitious and progressive agenda, was perceived as the key ally in their battle against recalcitrant United States and Japan: in the words of a negotiator from the developing world: “Whatever we said, they basically said ‘no’ to it” (*Inter Press Service*, 4 September 2011). This alliance resulted in some time-bound commitments that were absent from previous drafts.<sup>7</sup>

The *Accra Agenda for Action* not only reaffirmed the commitments made in Paris, but also extended on various other issues: using country systems as first option; making aid more predictable and transparent; placing stronger emphasis on mutual accountability; reducing aid fragmentation by working more towards in-country and cross-country division of labour (DAC, 2009). In sum, as confirmed by a generally critical NGO representative, last minute interventions from the EU managed to “turn a potentially disastrous outcome into an agreement that if carried through could see improvements in the way aid is delivered” (*Concord*, Press Release 4 September 2008). This meant that Accra ended up in deciding “something of more importance to developing countries than any pontificating about aid in a Group of Eight summit” (*Financial Times*, 7 September 2008). Some observers noted that the EU showed “a high degree of consensus” as well as “a high level of ambition” (Keijzer and Corre, 2009: 97).

#### ***HLF-4 (2011): Busan Partnership for Effective Development Cooperation***

The EU’s preparation for the fourth HLF (Busan, 29 November – 1 December 2011) was lengthy, with a common position formally adopted just two weeks before the actual summit. The EU’s common position emerged “technical seminar after technical seminar” (Interview), and was also discussed in the informal Development Council held in July 2011 in Sopot, under the Polish Presidency (*Agence Europe*, 15 July 2011). The adoption of a common position this time was criticized by NGOs, who lamented a lack of ambition, “in stark contrast to that displayed by the EU at the Accra HLF and is likely to undermine the success of HLF4” (*New Europe*, 21 November 2011; *European Report*, 16 November 2011). Criticism, first of all, was directed at the European Commission, which had been very ambitious in previous aid negotiation rounds. In general, the new senior management in DG Development and the new Commissioner for Development Piebalgs were less enthusiastic about the aid effectiveness agenda itself, as they wanted to place more emphasis on other issues, for instance private sector and other development-related policies beyond aid (Interviews; see also

*Terraviva*, 10 September 2011; *New Europe*, 21 November 2011). The lack of ambition within the EU also reflected divisions between Member States. Some (e.g. France) used the disengagement of China and the risks associated to its free-riding as a way to backtrack on previous commitments. Others, particularly those who were facing major economic problems, most notably Italy, Ireland, and Spain, wanted to increase the returns of aid for their economies (particularly in the area of tied aid) or see more tangible results (thus adopting a critical stance on using local country systems because of the high-fiduciary risks). Yet others, for instance the UK, pointed to the risks of further coordination at the EU level: “there is a clear value for money rationale in greater EU coordination”, but “any such initiatives should be respectful of EU Member States’ sovereign decisions on where and at what level to provide aid” (*New Europe*, 28 November 2011).

The actual summit in Busan attracted wide public attention, not least because of the presence of US Secretary of State Hilary Clinton and the absence of senior representatives from China; developing countries and NGOs were also very vocal. It was preceded by the publication of the official review of the Paris Declaration, which showed that only one of the 13 reform targets had been met by 2010. It also showed that the European Commission and (most of) the Member States had not performed substantially better than other donors (Wood et al, 2011). Moreover, the financial and economic crisis contributed to further compromising the EU’s credibility with third parties, as summarized by Commissioner Piebalgs: “In Busan ... I had to answer more questions about the European debt crisis than my responsibilities as development commissioner. I received more questions about Greece than about Lesotho” (*European Report*, 6 December 2011). There is another issue which negatively affected the EU’s external effectiveness. To reflect changes in the aid architecture, the final negotiation round was structured around Sherpas, representing different constituencies, which divided the European Union: the European Commission represented donors in southern and central/eastern Europe; the UK represented like-minded countries in Europe as well as New Zealand, Australia, and Canada; France was invited in that it was going to host upcoming G-20 (in 2012 replaced by Germany).<sup>8</sup> This “artificial division of the EU imposed by the DAC” had a negative effect on the EU’s ability to shape the final outcome (Interview).

On the eve of the summit, although from different positions but seeking to forge a common front, China and India announced that they were not ready to sign any Busan policy document (*The Guardian*, 29 November 2011). The geopolitics of aid had changed. Clearly, the EU and the US, which meanwhile had narrowed their differences over foreign aid, were no longer the key protagonists in the HLF. Eventually, China and India endorsed the final document, with the proviso that it was voluntary (*AFP*, 1 December 2011). Some EU officials noted that “the price paid was a dilution, if not the end, of the aid effectiveness agenda” (Interview). Brian Atwood, the then DAC chair, maintained that “the process was as important as the outcome document”. In contrast the Paris

Declaration, the *Busan Partnership for Effective Development Cooperation* hardly contained any specific time-bound agreements (with some exceptions, for instance, on aid transparency), though it transformed the agenda from aid effectiveness to development effectiveness.<sup>9</sup> The general perception among participants in the summit was that traditional donors, including the EU, had agreed to water down their commitments on aid effectiveness to include new donors and push through a global partnership (Interviews). The EU's position was criticized by NGOs, which accused the EU of "behaving like an observer" on several important aid effectiveness issues (*Devex*, 15 November 2011; *Agence Europe*, 30 November 2011), being "sidelined" and even being a "ghost". Interestingly, an observer noted that "the EU failed to leave a visible mark even on a field on which it has climbed the highest" (Manrique, 2011).

**Table 1: Variation of EU effectiveness in aid negotiations, 2003-2011**

	I. Rome (2003)	II. Paris (2005)	III. Accra (2008)	IV. Busan (2011)
<b>Internal effectiveness</b>	<b>Low</b>	<b>Low</b>	<b>High</b>	<b>High</b>
<b>External effectiveness</b>	<b>Low</b>	<b>High</b>	<b>High</b>	<b>Low</b>
<b>Ambition</b>	<b>Low</b>	<b>High</b>	<b>High</b>	<b>Low</b>
<b>Credibility</b>	<b>Low</b>	<b>High</b>	<b>High</b>	<b>Low</b>

**Analysis and conclusion (this section is preliminary)**

From the analysis of the four negotiations rounds (and from the table above), it has emerged that internal effectiveness does not automatically translate into external effectiveness. While this may be valid in some circumstances, in other circumstances there may be no relationship at all or there may be even a negative correlation. The first pair of negotiations is associated with low internal effectiveness, and the general expectation would be also low external effectiveness. This was certainly the case of HLF-1 (Rome), where failed to affect the final outcome. By contrast, the case of HLF-2 (Paris) shows that the EU was able to significantly affect negotiations: "Individual countries did speak, but they broadly said the same things" (Interview). The second pair of negotiations is associated with high internal effectiveness, and here the general expectation would be high external effectiveness. This was certainly the case of HLF-3 (Accra), where the EU's high scores on political cohesion and policy determinacy positively affected its ability to shape the final outcome. By contrast, the case of

HLF-4 (Busan) shows that internal effectiveness had a negative impact on external effectiveness: not only did the EU agree on a modest collective position, but it also failed to adapt to the fastly changing dynamics in international development.<sup>10</sup>

But the analysis of the four cases pointed to the importance of the quality of the message and the quality of the messenger. More specifically, at HLF-1 (Rome), the European Union played a marginal role – its agenda was not ambitious and did not have establish itself as a credible development actor, with the consequence that the DAC and the World Bank played a more significant role. The EU's external effectiveness was at its peak in the context of HLF-2 (Paris) and HLF-3 (Accra). The Paris Declaration on Aid Effectiveness, celebrated as one of the most important agreements in the history of foreign aid, reflected the ambitious agenda agreed upon by the EU in a number of meetings held in the Council through the second part of 2004. Moreover, the EU's credibility was high, reflecting an unexpected convergence of preferences, which historically had been at odds, between the Nordic countries and the European Commission. In Accra, the EU had a very ambitious agenda, first agreed in Brussels and then augmented in Accra, thanks to a close collaboration between EU Presidency and Commission. This meant that the final Accra Agenda for Action turned out “a dream agenda for aid effectiveness” (Interview). Finally, at HLF-4 (Busan), the EU was more on the defensive. The lack of ambition reflected divisions between the Member States, but also a failure of the European Commission to push the agenda through as it had done in previous cases. Moreover, the financial crisis, the emergence of new development actors, which made the aid architecture more complex, and the change of attitude of attitude by the USA (as a consequence of the new Obama Administration) resulted in a gradual erosion of the EU's leverage in negotiations.

More generally, this paper can be of interest to scholars researching the evolution of the global governance of development. This paper has dealt with aid effectiveness, which has been as a very prominent issue in the global, and in the EU's, agenda on development since the early 2000s. The Busan conference marked the end of the aid effectiveness agenda at the international level and within the EU. The Agenda for Change in the EU ...

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A total of 32 interviews were conducted between June 2008 and September 2013.

Interviewees were from:

- European Commission
- EU Member States
- Non-EU countries
- International organizations
- International NGOs

P.S. I still need to decide how to cite them in the text....

The following newspapers and new agency were consulted:

- Agence France Press
- Agence Europe
- EUobserver
- European Report
- European Voice
- Financial Times
- Inter Press Service
- New Europe
- Terraviva

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<sup>1</sup> This is the case only when we add the bilateral policies of the Member States and the supranational programme managed by the European Commission.

<sup>2</sup> Some scholars, for example, have shown how voting rules tend to increase the EU's bargaining power because it serves as a credible commitment vis-a-vis third parties that the EU cannot change easily position (Jupille, 1999; Meunier, 2000).

<sup>3</sup> One of the eight Barcelona commitments was for the EU: "To take concrete steps on co-ordination of policies and harmonisation of procedures before 2004, both at EC and Member States level, in line with internationally agreed best practices" (Council, 2002).

<sup>4</sup> Thus, to understand the origin of the aid effectiveness agenda, it is necessary to look at a number of initiatives taken since 2000 by the World Bank and the DAC (under the leadership of the United Kingdom), which set up various technical groups to work on issues such as donor coordination, financial management, and public procurements.

<sup>5</sup> It was meant only to review progress in the implementation of the Paris Declaration, with the aim of accelerating progress in meeting the various targets. This was not considered an easy task, as argued by an EU official: "We had to keep the momentum, while not making significant decisions" (Interview).

<sup>6</sup> For instance, a senior official from Japan was quoted as complaining that that the EU wanted "to be more ambitious" on how quickly donor countries should end the practice of tying aid (*European Voice*, 28 August 2008).

<sup>7</sup> Donors committed to: use country systems as the first option for aid programs; channel 50% or more of government-to-government via budget support; provide regular and timely information on their rolling three- to five-year forward expenditures; start a dialogue on the international division of labour across countries by June 2009 with the aim of accelerating progress.

<sup>8</sup> Others actors seating at the negotiating table included the USA, Japan, new donors, international organizations, civil society, and the private sector (Atwood, 2012).

<sup>9</sup> While there is no consensus on what this actually means and implies, it is safe to assume a broader focus on additional sources of development financing (beyond foreign aid) and a wider and more diverse set of actors (than simply, Northern, official aid agencies).

<sup>10</sup> From the analysis of the four cases, it also emerged that the EU is more likely to affect outcomes when they are not politicized. Thus, it was more (externally) effective in Paris and Accra, which projected a technocratic view of aid. By it was not very effective in Busan, which was more a reflection of shifted balance of power between "donors" and "recipients", with the role of BRICs playing a major role.