

# Is Aid an Effective Foreign Policy Instrument for the European Union?

Written by Luke Devoy

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LUKE DEVOY, APR 15 2013

The European Union (EU) is well established as the world's leading donor of aid but its ability to translate this fact into tangible, global influence is less clear. For over a decade, through the combined efforts of the Commission and member states, the EU has provided over fifty per cent of global development aid. Aid is clearly an important issue for the EU, making up the vast majority of its external relations budget. Moreover, in recent years it has become increasingly linked to the political and security goals of the EU through the means of conditionality. Yet, when it comes to foreign policy the EU is frequently criticised for failing to act with coherence and live up to expectations.

This essay intends to explore the contribution which aid makes to the EU's wider foreign policy objectives. Accordingly the focus here is not on its development performance but on its utility as foreign policy instrument, defined as, "those means used by policy-makers in their attempts to get other international actors to do what they would not otherwise do".[1] Ultimately, despite its enormous potential as a policy instrument, actually wielding it is fraught with difficulty. Its impact depends on circumstance, particularly the international and domestic context of the areas it is trying to effect. Moreover, in a broader sense, its potential can be further limited by questions of coherency, consistency and legitimacy. The essay will demonstrate this in a number of steps. Firstly, it will investigate the EU's foreign policy goals and the history of their gradual inclusion into development policy. Secondly, it will turn to examine two empirical examples, one focused on Eastern Europe after the Cold War and the other on the Cotonou Agreement with African, Caribbean and Pacific (ACP) countries. Finally, it will assess in further detail the broader issues which these examples bring up regarding the effectiveness of aid as a foreign policy instrument.

A variety of foreign policy goals have come to effect the distribution and conditions attached to EU aid. Most explicitly, the EU sees itself as a "normative power" in world politics, promoting goals of democracy, human rights and rule of law. Informed by its growth from post-war Europe and its unique institutional makeup it encapsulates these values in a way other international actors do not.[2] Aid is considered to be a relevant means to promote such norms in the developing world. This was not always the case. The original agreements with the ACP countries, for example, were largely apolitical up until the introduction of conditionality at Lomé IV in 1995. Since then the EU has built upon these three principle areas and conditionality has become the standard for all aid.[3]

However, other connected but more traditional foreign policy goals, such as security and stability, are also increasingly linked to aid. This is clear from the amount of aid increasingly invested into nearby countries in a bid to boost their stability and European security.[4] Such policies are in large part informed by the growing consensus around the linkages between security and development among academics and policy-makers where both areas are seen as cyclical and mutually reinforcing. As the *2008 Report on the Implementation of the European Security Strategy* makes clear,

"There cannot be sustainable development without peace and security, and without development and poverty eradication there will be no sustainable peace".[5]

Furthermore, the normative goals should not be seen as conflicting with these "more rational" objectives. Instead respect for human rights, rule of law and a democratic government, while valuable and promoted by the EU in their

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own right, are also seen as ways of ensuring a stable world with minimal threat to Europe.[6] For a more comprehensive understanding of aid in EU foreign policy the role 'aid' plays in attempts to achieve both strategic and normative objectives must be acknowledged.

One area where both strategic and ideational imperatives converged was in Central Eastern Europe with the end of the Cold War. Aid proved to be a crucial resource in encouraging reform, ensuring stability and preparing for the enlargement of Union to a number of these countries. Even prior to the fall of the iron curtain the EU was providing assistance and encouraging dialogue with the Central and Eastern European states. The PHARE program for Poland and Hungary was a prompt response to the situation which channelled a huge amount of money into the region and was upgraded and expanded as appropriate. As certain countries (Poland, Hungary and Czechoslovakia) made headway with reforms aid was increased. Others who showed less urgency, like Romania, found that assistance was withheld.[7] During the most crucial period of 1989-1991 the EC provided seventy-two per cent of all grants and half of all loans and credits coming from developed nations.[8] While quantity clearly does not equal quality, it is hard to dismiss the effect of a contribution which so clearly dwarfs that of all other actors. Ultimately these recipient nations would become stable and democratic members of the EU thus achieving important EU objectives. In achieving this aid was clearly not the only factor involved. It must be recognised that enlargement and the "power of attraction" is the principal instrument here but aid was equally crucial in providing the initial incentives and much-needed material assistance to make this a feasible option. Accession does not happen over night and aid played an important role in creating a stable Eastern Europe which moved closer to the west, a fact which should not be taken for granted.

EU aid to Africa is less obviously linked to strategic objectives and also more ambiguous in terms of its success as a foreign policy instrument. As has been noted conditionality was gradually introduced into the EU's longest and biggest aid programme. This process was emphatically confirmed and institutionalised by the 2000 Cotonou agreement. Recipients were no longer considered "entitled" to aid and while poverty reduction remained a central goal, it was now very much contingent upon democratic change and respect for human rights and the rule of law.[9] This was seen by some to be coercive on the ACP states, surely indicating the growing use of aid as a powerful foreign policy instrument.[10] Indeed, its 2005 review went even further including clauses on terrorism and WMDs which some observers saw as obscuring its intended focus on development. Whilst this may be true it is also clear that the agreement contributes to a more robust EU foreign policy.[11]

Furthermore, such statements of intent do not necessarily follow through to implementation of policy. Examining efforts at democratization in Ghana, Gordon Crawford finds that reality does not match up to the rhetoric. If this is the case in the favourable context of Ghana it is unlikely to be much better throughout the continent. Ghana receives significant amounts of EU aid and is receptive to democracy yet there is little evidence of sustained projects or new initiatives. Seemingly, only where there are significant economic or security interests will the EU vigorously promote democracy.[12] In this sense it should not be surprising that aid to Eastern Europe saw more success as an instrument to promote stability and European values. Not only was it easier to monitor events on its borders but the value of security and stability was obviously much higher. Of course, it is also impossible to separate the effect of aid and conditionality from existing domestic dynamics and other international factors.[13] Aid, like all foreign policy instruments, can only work with the context it finds itself in. Expecting it to transform Africa on its own is completely unrealistic. Therefore it follows that whilst EU aid has doubtless had some effect its impact is at best ambiguous in terms of achieving its stated goals. The bottom line is that there remain low levels of democracy, human rights and stability across Africa and aid appears to be doing little to change this.

Both these examples raise wider issues related to aid's effectiveness as a foreign policy instrument. Foremost among these, is the efficiency of the EU machinery involved in the decision-making processes and delivery of aid. If the EU is to be a coherent actor the specific aims of financial assistance and the method of its implementation must be clear. Evidently, this has not been the case with a patchwork budget and institutional rivalry. Even in Eastern Europe the EU had been accused of lacking strategic vision.[14] Not only do the member states maintain their own development programmes, there is also a lack of clarity over who controls aid policy within the EU resulting in turf battles between the Commission and the Council.[15] The Lisbon Treaty took steps towards addressing this problem with the creation of the EEAS and yet the Commission has maintained much of its responsibility for development.[16]

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Related to this, but perhaps more fundamental, is the question of consistency in aid policy. Many argue that the EU has no problem suspending aid to poor African countries but is unlikely to do so for stronger more strategically important nations. For example, aid has been cut off to Sudan and Haiti but not Algeria or Indonesia for similar violations of conditions.[17] Ultimately, this is to be expected as the EU has to make judgement calls on whether cutting off aid and imposing conditionality will actually have the desired effects. It operates in a complex international system and cannot simply ignore this in pursuit of principle. That is not to deny that such inconsistencies lead to questions of the EU's legitimacy as a global actor. This perhaps is the most fundamental problem in wielding aid as a foreign policy instrument, particularly when it is so closely connected to normative goals. There remains a 'logic of appropriateness' to the use of aid and to retain legitimacy it must still remain committed to combating poverty as well as wider goals. If the EU ignores this and brings the politicization of aid to its extreme conclusion any potential influence gained will be nullified by the damage done to its prestige as a global actor.

Aid can be effective but it suffers like all other policy instruments if there is not a clear vision and purpose. This is not a fault of aid itself but is a problem which affects all EU foreign policy instruments. Moreover, there are further difficulties specifically related to aid as a foreign policy instrument due to the variety of goals it aims to achieve. While fundamentally designed to combat poverty it is increasingly linked to spreading normative European values and combating threats to global security. Unsurprisingly, such multi-pronged policy instrument may be questioned in terms of its coherency, consistency and legitimacy. This problem is only exacerbated by a lack of clarity and inefficiency within the institutional structures of the EU. However, aid remains one of the EU's most important means of imposing itself in the world. That much is clear from the continued time and energy devoted to improving development policy and combining it with the EU's wider objectives. Ultimately, aid as a foreign policy instrument is likely to be more effective when it can be combined with other tools in a favourable domestic context. It is also more likely to succeed when the stakes are higher, as in the near abroad of Eastern Europe after the Cold War as opposed to Sub-Saharan Africa. Such a conclusion would seem to fit with a rationalist interpretation that the EU's power is limited in international relations and that normative goals will always take a back seat to concerns for security and survival.

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