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**CAN THE FIFTH ENLARGEMENT WEAKEN
THE EU'S DEVELOPMENT COOPERATION?**

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CAN THE FIFTH ENLARGEMENT WEAKEN THE EU'S DEVELOPMENT COOPERATION?

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CAN THE FIFTH ENLARGEMENT WEAKEN THE EU'S DEVELOPMENT COOPERATION?

Introduction

The 2004 Enlargement of the EU and the “Development Challenge”

The European Union (EU) agreed at the European Council meeting in Copenhagen on 13 December 2002 to admit 10 new members from Central Europe and the Mediterranean who meet the political and economic criteria for membership: stable democracy, respect for human rights and the rule of law. As full market economies they will implement all the EU's common rules and policies.

After membership in accordance with the Athens Treaty and Act of Accession signed on April 16, 2003, the new member states of the EU will participate actively in the *Acquis Communautaire* regulating all areas of the Community action in accordance with the solutions and adaptations negotiated with the new member states on the basis of the principle of a wholesale taking over of the *acquis* but subject to transitional measures and temporary derogations as in earlier accession acts (Boos and Forman, 1995) (Granell, 1995).

Development has not been a contentious issue in the accession negotiation process and for this reason the subject has not received a lot of attention, even if with this evolution the new members accept the process of change from being a recipient of development assistance into being an international donor.

The main reason of this limited interest in the topic is the fact that Development co-operation of the accession countries have been practically negligible until now. The new member states represent about 25% of the EU population, about 5% of the EU income (about 11% in purchasing power parity terms) but only 0,43% of the Aid flows from the EU to developing countries.

Formal negotiations on the chapter related to development cooperation (Chapter 26 – External Relations) have been closed with no exceptions agreed, therefore the new candidates will apply the relevant Community *acquis* and enforce the legal and institutional framework of the “Development cooperation *Acquis*” as an integral part of the EU's external policies from the very first day of membership.

The basic legislative framework for EU development cooperation is provided in Articles 177-181 of the Treaty establishing the European Economic Community (Title XX). It sets out common objectives for the EC external assistance to developing countries and the French, British, Danish and Dutch Overseas Countries and Territories (OCT) contemplated in Arts 182-188, part Four to the TEC: sustainable economic and

social development, integration of the developing countries in the world economy, the fight against poverty, consolidation of democracy, human rights and the Rule of Law, etc. The instruments through which the EC meets these objectives include some external agreements, trade preferences to exports from developing countries and financial and technical support to developing countries, international bodies and NGOs.

The EC aid is complementary of the aid programs of its member countries and the EC policy does not affect the authority of the member countries to independently act in bilateral and multilateral development assistance (Cox, Haley and Koning, 1997). The EC bodies and the EU member countries coordinate their approaches to the development policy and harmonize their programs of assistance including their positions in international organizations and international conferences. In its Declaration of November 2000, the Council and the Commission defined the main objective of the EU's development policy as being the reduction and eventual eradication of poverty.

The main challenges for the new member states resulting from enlargement will relate to how development policy is made, funded and implemented and how they accommodate within the governance structures related to the EC's development policy comprising the current management reforms (European Commission, EuropeAid Cooperation Office, 2002).

In this context the fifth EU enlargement presents enormous opportunities for the new member states in political dialogue and trade policies regarding developing countries as well as development cooperation; but it will also present certain problems and challenges for them and for the whole EU as a donor.

From the date of their accession, the new member states joined the current EU in supporting all of the objectives and instruments of the EC's development policy. This includes implementation of the new policy approach agreed in November 2000 by the Council and the management reforms launched in May of the same year by the European Commission in order to improve programming, management and evaluation of external aid and to avoid delays in executing development projects: creation of the EuropeAid Cooperation Office to implement aid funded by the European Community External budgetary lines (except pre-accession, macro-economic assistance, humanitarian actions and CFSP) and by the European Development Fund (EDF).

In considering all these potential implications of enlargement for the new member states and the EU as a whole and the position regarding developing countries, it is important to weigh the positive against the negative and to remember that other factors in addition to Enlargement will also affect the evolution of the EC's development policy in the future.

The EU will need to find ways to help the new member states overcome their lack of experience and capacity in development cooperation (particularly since development is likely to be a relatively low priority for their constrained resources).

The External Agreements

In accordance with Art. 6.2 of the Act of Accession the new member states undertake to accede to the agreements or conventions concluded or provisionally applied by the present member states and the Community acting jointly and to the agreements concluded by those states which are related to those agreements or conventions.

The new member states take on the EU's many cooperation, partnership and association agreements as well the EU's Council Regulation associating the Overseas Countries and Territories (OCTs) under Britain, France, the Netherlands and Denmark to the EU.

This includes cooperation agreements with Asian and Latin American developing countries, the Euro-Mediterranean Partnership, and the comprehensive Cotonou Partnership Agreement with 77 African, Caribbean and Pacific Countries (ACP) covering the political dimension, economic and trade co-operation and development and financial cooperation.

The last of these, the Partnership Agreement known as the "Cotonou Agreement" signed on 13 June 2000 (in force on 1 April 2003) replaces all previous Lomé EU-ACP Conventions and is notable for the long period it covers (20 years) with a clause allowing for revision every five year and a financial protocol for five year periods.

In accordance with art 6,4 of the Athens Enlargement Act of Accession, "The new member states accede by this Act to the Partnership Agreement between the members of the ACP group of states on the one part and the European Community and its member States, on the other, signed in Cotonou on 23 June 2000." Although the new member states become members of all elements of Cotonou from the date of their accession to the EU they will only contribute to the EDF after membership. The negotiation on when and how much they will contribute to the EDF is still to be negotiated in due time after membership in view of contributing to 10th EDF unless the Council decides the "budgeting" of the EDF in the context of the Financial Perspectives beyond 2007. New members also participate in the guaranteed purchase by the EC of ACP sugar at the prices in force in the EC in accordance with the Common Agricultural Policy.

In due course and along with current EU member states, the new member states will become party to the WTO-compatible Economic Partnership Agreements (EPAs) created by the Cotonou Partnership Agreement, on which negotiations started between EU and the ACP countries in September 2002 to define the new trade system with a view to implementation from 2008. As a part of the *acquis*, the new members have already accepted the agreed negotiating mandate for these EPAs.

Art. 6,12 of the Act of Accession points out that the new member states shall take appropriate measures, where necessary, to adjust their position in relation to international organisations, and to those international agreements to which the Community or to

which other member states are also parties, to the rights and obligations arising from their accession to the Union.”

As a result of the accession process, a number of the new member countries are also revising or establishing bilateral agreements with third countries (or regions), to bring themselves into line with the EC international obligations (fisheries, trade).

Trade Acquis

Beyond cooperation agreements with Asia, Latin America and the Mediterranean and the Cotonou partnership agreement, the new member states will take on the rest of the EC's trade acquis and trading policies, including the tariff preferences in favor of developing countries and specially the Least Developed Countries (LDCs).

As Desai (2002) pointed out it is a risk that the new members consider trade as a zero-sum game adding to the autarchic lobby in the EU that would work against the interest of the developing countries that are Western Europe's trading partners, but, until now, nothing is indicating that such a move is to be expected even if some defensive line of action can be expected (see below).

Upon accession, the new member states are obliged to implement and enforce the Community's common commercial policy *acquis*. This will include Most Favored Nation (MFN) arrangements, as well as free trade and preferential arrangements, including the Generalized System of Preferences (GSP) and the Everything but Arms (EBA) scheme for imports from the LDCs -agreed in the Eve of the Brussels Third UN LDC Conference(May 2001) as well as the “external face” of the Common Agricultural Policy. In adopting these, the new member states are joining the EU-15 in offering preferential trade access to developing countries to their markets.

They should also co-ordinate positions and policies within the WTO with those of the EU – including for the development agenda launched at Doha. Depending on the progress in the World Trade Organization (WTO) negotiations, the new member states will also join the EU in taking forward the Doha Development Agenda launched in November 2001 and due to be closed at the beginning of 2005.

In preparation for accession, the candidate countries have been required to align their tariffs and other trade related rules and regulations with the EU. This includes such things as product definitions and rules of origin which can be important for developing countries (Caribbean countries have feared competition from rum-substitutes from countries in Central/Eastern Europe). The most significant liberalization factors in enlargement are the removal of remaining technical barriers to trade, to liberalize their markets and to reduce industrial tariffs.

In terms of tariff protection, accession resulted in a significant reduction of the Candidate Countries' level of Protection except for some countries which have tariffs below the EC average and except for some Agricultural products.

Romania and Poland's levels of tariffs decreased, overall, by around two-thirds. There are exceptions. The Baltic States' own trade policies were already very liberal – in some cases more so than the EC policy. Quota adjustments have been necessary, for instance on bananas and textiles. Standards for some products in some candidate countries will rise as compared with pre-membership situation.

In areas where the EC maintains quotas with third countries – such as steel, bananas, sugar and textiles – the new member states take these on with the required quantitative adjustment. They, of course, take on the EC Protocols in Sugar, Veal and Beef and Bananas under the Cotonou Agreement with the ACP Countries as well the transitional Lomé/Cotonou tariff preferences accepted by the waiver of the WTO during the Doha Ministerial until the new “Economic Partnership Agreement” System created by Cotonou is implemented in conformity with art XXIV of GATT at the end of the current ACP-EU negotiations.

The planned gradual phasing out of quotas will limit the impact of any change in regime due to enlargement. The banana quota is to be phased out by 2006. In textiles, all quantitative restrictions under the Multi-Fibre Agreement (MFA) will go by 2005. In the meantime, candidate countries are coordinating their commitments under the Agreement on Textiles and Clothing (ATC – the successor to the MFA) to ensure the list of products they integrate is in line with the EU's list.

There are areas of potential competition between developing countries and the candidate countries. As is the case with the EC's development policy, the influence of the new member states may lead to changes in the EC's trade policy over the longer term. This may lead to pressure to restrict benefits that the EC offers to better off developing countries (particularly those that are considered competitors), or to avoid new concessions, even if the candidate countries have all expressed strong support for the EU's priorities within the WTO Doha Development Agenda and for the EU's strategy for sustainable development considering, however, that this does not rule out the possibility of differences of opinion on detail.

There might be a change of policy towards certain sectors where the new member states have defensive or offensive interests. Similarly, there might be a change of attitude towards some developing countries that the new member states perceive as a threat to domestic industries. Some of the new member states might wish to challenge current arrangements that bring benefits to countries better off than they are. Malta and Romania are currently classified in the WTO as developing countries. This is based on self-classification and they will have to renounce this upon accession. In terms of EC trade policy, Bulgaria and Romania- which will become members of the EU in 2007- will have to offer GSP access to Malaysia, which has a higher per capita income than they do. All of the candidates except for Cyprus are poorer than Korea, Venezuela, Brazil and Mexico, who benefit from preferential access to the EC.

Financial Acquis: total ODA ,the EC's Budget, the EDF and the EIB

a) Total ODA of the new Member States

All the candidate countries together only represent 0,4 % of the EU ODA flows to developing countries. The current levels of the financial aid which they are providing to developing countries -putting together their bilateral and multilateral (mainly to UN Agencies and Bretton Woods Institutions) commitments- are very limited and far away from the UN-endorsed target of 0.7% of the Gross National Income (GNI) dedicated to Aid.

The Official Development Assistance (ODA) of Poland (the biggest donor in absolute terms) in 2001 amounted to \$ 35.5 million (0.02% of its GNI). Slovenia (the biggest donor in relative terms) declared an amount of 25.5 million (0.13% of the GDI). Even if no comprehensive and reliable data on ODA of the new members is still available (it is a mixture between humanitarian assistance provided to the Balkans with the assistance provided to poorest countries), fragmented data indicates that the aid provided by them to Developing countries is not sufficient for a EU member State. Greece, the EU member with a lowest ODA/GNI ratio reach a level of 0.19% after big increases in its commitments since its access to the Development Assistance Committee(DAC) of the OECD in 1999. The new member states have the challenge to improve both the quantity and quality of its development aid programs and to concentrate more in fighting against poverty in developing countries.

The EU currently provides just over 50% of global development assistance provided by the DAC members, of which about 20% at EC level. This is set to increase further following the commitments on aid volumes agreed in the European Council held in Barcelona in March 2002, in advance of the Monterrey Financing for Development UN Conference. According to these commitments the EU, collectively, would reach an average ODA/GNI ratio of 0.39% by 2006 and each member state will strive to reach at least 0.33% by the same date in view of reaching the UN-endorsed target of 0.7% per cent of GNI dedicated to aid. That means that the Enlarged EU would be obliged to reach an additional \$7.1 billion of ODA by 2006 from which about 1,3 billion of contribution by the new member states.

It is not clear at this stage what the EU's Monterrey commitment on increased aid volumes will mean for new member states (Nielson, 2002), nor what impact accession will have on the EU's average ODA/GN ratio. Even if Figures on the candidates' current development expenditure are very approximate it is certain that their current level of expenditure is far below the 2001 EU average of 0.33%. Some of the candidates have signaled an intention to increase their bilateral aid expenditure: for example, the Czech Republic is aiming to reach an ODA/GNI ratio of 0.1% by accession. Contributions to the EC budget would also increase their ODA figures (4.68% of the budget is allocated to development), but it seems unrealistic to expect any of the candidates to be able to meet the Barcelona target figure within the timeframe agreed for existing member states and transition periods will be needed. As one of the new member states put in during the

General Affairs and External Relations Council which met in Brussels on 19-20 May 2003 “We are committed to the Monterrey Conference goals, but we have not taken part in those negotiations and are not expected to “deliver on commitments made by the 15.” A Roadmap to Monterrey targets is presently negotiated.

The net disbursements of ODA made in 2001 by the new member states reached (according OECD/DAC figures) a total amount of only \$114 millions with a ratio ODA/GNI of 0.03%, with the following distribution:

Poland	\$ 35.5 million,	(Ratio ODA/GNI: 0.02 %)
Czech Republic	\$ 26.5 million,	(0.05%)
Slovenia	\$ 25.5 million	(0.13%)
Slovak Rep.	\$ 11.7 million	(0.06%)
Hungary	\$ 8.5 million	(0.04%)
Cyprus	\$ 2.3 million	(0.02)
Lithuania	\$ 2.0 million	(0.02%)
Latvia	\$ 1.4 million	(0.02%)
Estonia	\$ 0.5 million	(0.01)
Malta	\$ 0.5 million	(0.01)

In order to compare ODA disbursements made by some EU members in 2001, reached \$1599 million (1.01%) for Denmark, 1576 (0,8%) for Sweden, 748 (0.30%) for Spain, 389 (0.32) for Ireland, 194 (0.19) for Greece, and 142 (0.80) for Luxemburg. In accordance with the projections made by the Austrian experts during the Regional Partnership Workshop organized in the Diplomatic Academy in Vienna in February 2003 (Lenk, 2003), the 0.33 ODA target will suppose for the new Eastern member states in 2006 a national allocation of Euro 254 million for the Czech Republic, 233 for Hungary, 790 for Poland, 92 for the Slovak Republic, 84 for Slovenia, 61 for Bulgaria, 178 for Romania, 24 for Estonia, 34 for Latvia and 54 for Lithuania. The gap with the present situation is enormous and it would be very difficult to reach the target given the low profile of development issues and the fact that no political parties or personalities are leading such a move in the new EU members.

None of the candidate countries has, at this stage, a separate budget heading for the development cooperation in their national budget. Some of them have identified budget headings for humanitarian assistance endowed with very small amounts (Estonia, Hungary, Poland and Czech Republic). Contributions to multilateral bodies (UN Agencies) are supported by several Ministries in a disperse way.

b) Contribution to the EC’s Development financing

Following their accession, the new member states participate in the financial EU’s effort in favor of Developing countries contributing to the EU budget, the EDF and the capital of the European Investment Bank (EIB). They contribute to the EC’s budget that includes budgetary lines for development expenditure (which represents 4.68% of the total budget and covers expenditure in Asia-Latin America and Mediterranean Countries and specific

policies like NGO support, food security, democracy, tropical forests...). According to the Act of Accession the size and timing of the candidate countries' contributions to the EC's budget are subject to some temporary budget compensations 2004-2006.

The new members will also contribute to the EDF to finance EU-ACP (except South-Africa) co-operation, although the size and timing of their contributions will be subject to negotiation after membership in view to participate in the future 10th EDF.

The 9th EDF covers the period until 2007. The contribution of the individual member states to the 9th EDF are determined in the "Internal Agreement between the representatives of the Governments of the individual member states meeting within the Council. The contributions deviate from the contributions of the respective member State to the General Community Budget even if the scale of EDF contributions is highly correlated with the each member's contribution to the regular budget. The new Member States became party to the Cotonou Partnership Agreement by depositing an act of accession to the Agreement with the Secretariat of the EU Council but they will not contribute to the current 9th EDF that is financing the period until 2007.

The new member states are expected, in principle, to contribute to the 10th replenishment in 2007. The total amount of the 10th EDF and the Countries' shares in the total will be decided after the new enlargement by negotiation between present and future member states and ACP countries. European member states are presently discussing the European Commission 2003 paper assessing the advantages and disadvantages of incorporating the EDF in the Budget (European Commission, 2002 and 2003): the final decision on it, would depend on the current negotiations about the 2007-2013 EU's Financial Perspectives.

According to the scenarios for meeting the Monterrey ODA targets and the estimated amount of the Second Financial protocol of the Cotonou Partnership Agreement, the European Commission has estimate contributions to the five years 10th EDF after 2007 to reach a global amount of €15000 million (against 13.800 the current 9th EDF) with contributions between €55 and 60 million per year for Poland (level between the present contributions of Denmark and Finland), between 16 and 18 for the Czech Republic (present level of Ireland), between 15 and 17 for Hungary (level of Ireland), about € 7 million for the Slovak Republic (level of Luxemburg), 6 for Slovenia, 4 for Lithuania, and Cyprus, 3 for Latvia, 2 for Estonia and 1.5 for Malta. This option is given –of course- under the assumption that in the framework of the Financial Perspectives to substitute Agenda 2000 (approved by the Inter-institutional Agreement of May 6, 1999), the EDF will continue to be the financial instrument of the Cotonou Partnership Agreement and that EDF will not be "budgetised." In addition and considering that the EDF financial means are used gradually, the new member states will not pay the financial sum subscribed immediately but only after the call to pay (probably starting in 2009-2010).

V. The Development procedures and machinery

There is an enormous effort underway in the candidate countries and in the EU to prepare new members to actively participate in EU development assistance. This tends to focus on formal technical procedures. There are legal and regulatory and financial obligations that need attention from the development perspective. Procurement regulations are to be adopted. Enterprises and NGOs from the new member states would be able to participate in the tendering procedures to participate in the delivering of European Aid to developing countries. Officials from new members must participate in development-related Committees, Joint EU-ACP institutions and Consultations regarding suspension of aid caused by lack of respect to democratic principles).

The Commission created a Task Force for preparing the Development administration of the new member states composed by representatives of the different Directorates-General involved in these issues (DG Development, DG Trade, DG External Relations, Europe Aid Cooperation Office, Humanitarian Aid Office and DG Enlargement. This Task Force is organizing “Road Shows” in the new member countries to meet and inform all the actors to be involved in development and humanitarian issues: staff of the Foreign Affairs and line ministries dealing with Aid, members of the Parliament, Civil Society, NGOs, economic actors. A number of training courses and workshops dealing with different EU development issues are organized.

But it is important not to ignore other important aspects of the preparation and integration process. This includes building the policy and institutional capacity for development not only to participate in the EU community policy but also at the bilateral and multilateral level. This “capacity building” in the new EU members must consider the distribution of competences between the EU and its member states (Young, 2000); strengthening links with and within international organizations, and with partners in developing countries; encouraging awareness and understanding of the EC’s development policy and wider development issues, not just among government officials in candidate countries but also amongst parliamentarians, NGOs, enterprises, academics and the public.

In this sense it has to be underlined that lack of special legislation to govern foreign assistance of a country obliges to implement aid within the framework of the general budgetary rules and financial regulations that are not adjusted to the needs of ODA. In this context many programs and projects can be blocked by the legal provisions if not properly changed. In most of the new member states is a lack of central authority responsible for coordination. Therefore development and humanitarian assistance is provided to UN agencies and beneficiaries by different ministries and bodies without a national coordination.

The basic expectation is a functioning ministry or ministerial department of development with appropriately trained officials, which can ensure complementarity between national actions and Community action in this field and facilitate participation in EU committees and working groups.

It is also a lack of methodology concerning management of assistance to developing countries both at the level of the capitals and the embassies on the spot: systems of information, monitoring, tendering

Barysch and Grane (2002) have raised the question of comparing the new members machinery with the previous joiners. According them “The EU is right to worry whether their often inefficient bureaucracies can enforce EU laws, but they are as ready as most previous joiners, and the watchful eyes of the Commission will help to keep the pace of the required adaptation”. The meeting of Directors General for Development of the member states is now also attended by the Directors General of the New Members creating a “de facto” training in these matters among the Governments of the newcomers.

In fact an EU affair may on the national level concern a number of ministries and it is even possible that a matter arises in the EU that may not easily belong to the ambit of any national authority (Jääskinen, 1997), however, for the protection of the national interests of any member state it is vital that its conduct in the EU decision making process is both co-ordinated and efficient. Projects funded by EU (PHARE and TAIEX), the OECD (Sigma Project), the Canadian International Development Agency and UNDP are suggesting improvements of the institutional mechanisms for Aid awareness and management in the new member states.

The challenge of the different traditions

The enlarged EU will face potentially different attitudes to development and developing countries – stemming from differences in history, experience, location and culture. As states, the acceding countries accept the EC’s development policy as it stands, but major differences could lead to pressure to shift the policy in new directions over the longer term, because:

- a) There are real differences in levels of income between the EU-15 and some of the new and future member states: in 2000, Bulgaria’s GDP per capita in Purchasing Power Parity (PPP) terms was only 23% of the EU average; Latvia, Lithuania, Romania and Turkey were also below 30. Some ACP, Mediterranean, Latin-American and Asian EU partners receiving EC assistance have higher income than candidate countries.
- b) The new members and candidate countries’ traditional ties – and the focus of their aid programs – are with countries that share their communist past and on neighboring countries. Considering that EC and member states have committed to improving operational coordination between their external assistance policies and programs these efforts could be made more difficult by a significant disjunction between the bilateral programs of the new EU members and candidate countries and the approach being pursued at the EC level and by existing member states.
- c) Since they lack a strong institutional framework to implement the aid programs themselves, most are also making use of trilateral and multilateral partnerships. Until the

end of the 80's the most advanced new members in foreign assistance ranked well in delegating experts to some international development bodies in sectors like Education (UNESCO), Health(WHO), Agriculture (FAO) and others. Is this a tradition to be recovered in the new political context of the world effort for the achievement of the UN Millennium Development Goals?

d) All of the new member states and the candidate countries have been receiving substantial financial resources in preparation for accession. All except Malta and Cyprus are still officially eligible for World Bank (IBRD) borrowing, and have been recent borrowers. Neither institution is required to withdraw as a result of EU accession: graduation is based on income and comparative advantage. Hungary and the Czech Republic are close to the income cut off but the others are not. However, these institutions are facing pressure from some quarters to do so. This would imply an additional burden on the EU.

e) Most of the new member states consider Asian and African Countries merely as recipients of Humanitarian Aid with a few exceptions. This may influence their views on the regional focus of the EC's development policy (e.g. the Cotonou Agreement).

These differences in approach - as well as practical differences between the focus and policy/legal/administrative infrastructure of the aid programs of present and new member states - will present an additional challenge to efforts to promote coherence, coordination and complementarity within the EU (as required by the Maastricht Treaty), because although the new Member States accept the EC development policy as it stands, in the long term they may well influence its future direction

The Complementarity

Most of new member states and the candidate countries' development programs have evolved a lot in the past few years, and will continue to do so in the period leading up to and as a result of accession. Moreover it seems to be unrealistic and inappropriate to expect them to adopt copies of the EC or the traditional Member States' programs for themselves. Instead, the focus should be on promoting complementarity – drawing on their comparative advantage as providers of technical assistance regarding political and economic transition.

Encouraging and helping the candidate countries to strengthen their policy frameworks and administrative infrastructure related to development should be a key priority for action, mainly in the poverty oriented aid that presently is not a priority for the new member states.

The Commission has organized consultations with candidate country representatives on the implications of their accession to the EC's development policy and has participated in others' events; the new member states and the candidate countries themselves have initiated some of these. Some member states are also making efforts to build connections, share experiences and offer expertise.

Hungary, Poland, the Czech Republic and the Slovak Republic are all members of the OECD. None are members of the DAC, and their accession is likely to be some way off. Links with this body and the Bretton Woods Institution is important particularly because of its role in developing best practice guidelines on key development issues.

The new member states and the candidate countries are all members of the IMF and the World Bank (IBRD - not all are members of the other World Bank Group institutions (including IDA) and Regional Development Banks. Consequently the Enlarged EU would increase voting power in international development institutions. The new member States would be obliged to integrate in discussions on key topical issues – such as the evolution of the Poverty Reduction Strategy Papers (PRSP) approach in low-income countries, and the latest findings on aid effectiveness- even if they have not a lot of experience in it.

New members and candidate countries are taking on their international commitments towards the implementation of the Millennium Goals adopted by the UN Millennium Summit in 1999. They also participated at WTO Ministerial Conference in Doha which confirmed the development dimension of multilateral talks on the world trade liberalization, in the Financing for Development UN Conference in Monterrey and the World Summit on Sustainable Development in Johannesburg which confirmed commitments in areas very relevant to developing countries.

The Development Actors

Beyond government officials, it is important for Candidate Countries to build a broad awareness and some understanding of development issues among parliamentarians, civil society, the academic community and the general public where possible. The key role of international regional co-operation bodies (CARICOM, Mercosur, SADC, UEMOA,...) and non-state actors (local and regional governments,...) is established in the EC's development policy and notably in the Cotonou agreement. Candidate countries would follow this trend.

Several of the candidate countries already use NGOs to implement humanitarian aid, and are taking steps to accredit NGOs (along with other bodies) as official implementation agencies for their limited development assistance. Enterprises, Chambers of Commerce and Industry and Trade Associations of the new member states must be involved in the development co-operation process and be aware of the loans and projects to which they can participate in the context of the assistance to the Developing countries (Procurement rules applicable to EC external aid contracts, call for proposals...) or reinforcement of the private sector in developing countries (European Investment Bank, Centre for the Development of the Enterprise, Centre for the Agricultural Technical Co-operation, Investment Facility, PROINVEST,...).

Enlargement is not the only threat

But the new Enlargement is not the only concern regarding the future of the European development co-operation. A first additional concern relates to the general trend to subordinate development policy to other policies (CFSP, trade, migrations, anti-terrorism, drugs and money laundering, fishery agreements, agricultural policy...) even if -in accordance with of the Treaty establishing the EC- the objectives of the EU development policy should be taken into account in all other policies which are likely to affect developing countries.

On the other hand the abolition of the Development Council of Ministers decided in the Sevilla European Council in June 2002, downgraded the profile of the coordinating EU's machinery in this field. The development policy has received only little attention by the Giscard d'Estaing Convention on the Future of Europe. Therefore, it is not clear to which extent the future European Constitution should reinforce articles 177 to 181 bringing more coherence and complementarity to the EU development assistance making it a key area of EU external action. Considering that the proposed future Minister of Foreign Affairs would be at the same time and president of the External Relations Council of Ministers Vice-president of the European Commission a better connection between political and technical questions relating Development Assistance is to be expected.

Other questions are also on the table: Should the Commission maintain its powers to handle one fifth of the combined grants from the European taxpayers to the developing countries? Should the EDF be integrated into the Community budget (to analyze this controversial issue see Faria and Koulaimah-Gabril, 1998). Should the specific category for development in the Community Budget not comprise budget lines that normally would belong to future enlargements? Should the European Parliament be more involved in the development assistance issues concerning sanctions against countries, negotiation of trade agreements and coherence between development and other policies?

After half a century of development cooperation, there have been more discouraging results than resounding success stories. This is why there has been in the last 10 years a remarkable movement in the direction of better delivery of development resources and better monitoring and coordination among donors.

Considering this background, the present Enlargement (that comprises some "emerging donors") is not to be seen as the only threat to the future Community Development Policy policies, practices and funding.

The Way ahead

The new member states -that from membership participate in the formulation of EU development policy- must join the alliance that should to be established between member states, the Institutions, NGOs and public opinion in order to make sure that EU's

development policy is not taken over by other policies, that EC development assistance is working efficiently and that a re-nationalization of the development funds is not promoted.

As the EU is, together with its member states, the first donor of international assistance in the form of financial aid, technical cooperation and know-how transfer in the world, the accession of ten new members provides an ideal opportunity to sharpen the focus of its development activities to reflect possible new, creative approaches to development assistance, to enhance its effectiveness and to identify possible new synergies based on the experience of the EU new members and candidates from their former communist tintured foreign assistance and from their politic and economic transformation in the last ten years.

The enlarged Union encompassing the new members is a significant world actor and must have the potential and the interest to ensure stability, prosperity and poverty reduction around the World, in our troubled 21st Century.

Nicolaides (1999) and Sapir (2003) said that the challenge of the enlargement is not just how to accommodate new members or just to have more money to spend, rather it is how to improve the policy efficiency and financial effectiveness of a Union that will soon become truly European in a geographic sense. Concerning developing cooperation the real question is: Will the enlarged Europe be able to do more things and more efficiently than now?

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