



Europe's co-operation with Asia and Latin America: Reviewing the Regulation – A test of the European Union's commitment to poverty eradication

The ALA regulation is the main financial instrument of European development co-operation with Asia and Latin America. The renegotiation of the regulation is an important opportunity to improve the effectiveness of this programme in eradicating poverty and contribute to the challenge of securing peace and prosperity in Europe and globally.

The renegotiation of the regulation (No. 443/92) comes at a particularly crucial time, coinciding with the European Convention on the Future of Europe and the InterGovernmental Conference, which will lead to a new European Treaty. The regulation, which arranges Europe's development co-operation with two of the largest regions in the South, will be an opportunity to demonstrate the Union's continued commitment to play a distinct global role in promoting sustainable and social development, human rights and democracy, which are the essence of Europe's core values.

The Monterrey consensus on Financing for Development and The Implementation Plan and the Political Declaration, that were adopted at the World Summit on Sustainable Development held in Johannesburg (2002) and reaffirmed immediately after by the EU General Affairs Council, have shaped a global partnership for sustainable development. This partnership includes commitments to increase development assistance, good governance and a better protection of the environment.

The ALA regulation offers an important opportunity for the EU to confirm its commitment to the Millennium Development Goals and the targets agreed in the Johannesburg Plan of Implementation. On 30 September 2002 the EU General Affairs and External Relations Council noted in its conclusions the Johannesburg reaffirmation of the Millennium Development Goals and that:

“eradicating poverty is among the greatest challenges facing the world today and an indispensable requirement for sustainable development to be achieved through a multidimensional approach which mainstreams gender and environmental issues, and ensures access to water, sanitation, energy, health care, education, land and adequate shelter as well as income generating activities based on decent employment, and disaster prevention.”

The EU Council further reiterated:

“the commitment of the EU to ensure coherence between its internal and external policies, including the development assistance programmes, in order to achieve the goal of eradicating poverty.”

The proposal for a regulation by the Commission ([COM\(2002\)340 final](#)) does not appear to reflect the commitments as set out by the Council Conclusions. While we welcome the reference to the respect of human rights and fundamental freedoms, democracy and the rule of law, we are concerned with the overall direction of the regulation in all other areas.

The proposal does not firmly establish the goal of the regulation as the eradication of poverty. Furthermore we are alarmed by the notion introduced in the proposal that aid should be premised on an embrace of neo-liberal policies, as promoted by the World Bank and the IMF (pre-amble (7)). Article 2 of the draft regulation proposes to foster the integration of economies of Asian and Latin American countries into the multilateral trading system through the implementation of WTO agreements (also pre-amble (6)). It is clearly apparent that aid and the policy framework for sustainable development for “the reduction of poverty” is to be based on unqualified principles of free market policies.

There is growing amount of evidence that unfettered liberalisation has a tendency to exacerbate poverty rather than eliminate poverty. It is therefore of crucial importance that communities of people living in poverty are consulted in the programming of aid genuinely focusing on the eradication of poverty, and participate in the aid activities designed for them – and with them.

The diversity in cultures, levels of economic growth and political realities should be taken into account in successful efforts to combat poverty, which might require country-based solutions rather than ‘a one size fits all’ approach. The issues and concerns of poverty are specific in many ways. Social exclusion of ethnic minorities (lack of access to and control over productive resources and power), gender discrimination (women being the victims of discriminatory social practices) and caste based untouchability (‘dalits’ who constitute a significant part of the society are at the bottom of the poverty ladder) are at the heart of the problems that need to be considered in effective strategies of poverty eradication. Participation of civil society organisations representing people living in poverty is therefore a crucial aspect for a credible strategy towards development co-operation.

The Commission argues that only a thin regulation is required to mandate it to implement the programme towards Asia and Latin America. This touches upon some very fundamental issues underlying this proposal.

- Firstly, the Commission is seeking a regulation that will enable development resources to be used ‘flexibly’. This will allow them to support different kinds of external actions in Asia and Latin America, including those related to defence and security. This would risk the subordination of the objective to eradicate poverty to political and security interests of the Union.
- Secondly the Commission has not incorporated any proposals to ensure that the enabling legislation proposed in the regulation is backed up with operational legislation, and that adequate decision-making powers, as well as powers of control, are granted to the European Parliament in the definition of concrete policies at general, regional or sub-regional level.

The ‘flexibility’ requested by the Commission – amounting to a request for a ‘blank cheque’, gives no guarantees that the regulation’s objectives, framed in the treaty development

objectives (art 177) will be translated in real implementation. The emphasis given to “strengthen the political and economic presence” (pre-amble (5)) and the reference to the war on terrorism in article 2 create the impression that the regulation might be seen as an instrument for the Common Foreign and Security Policy (CFSP), rather than for development co-operation. We therefore demand a clear definition of how the regulation will be translated in its implementation, both in terms of operational procedures and in terms of decisions with regards to the budget.

The regulation should respond to the EU commitment to increase ODA to 0.7% of GNI, and reach an average of 0.39% of GNI in 2006. This increase should be reflected in the regulation. Moreover, the regulation should reflect a focus on poverty and identify how more resources will be channelled to people living in poverty and to low income countries, particularly – but not solely, in South Asia which accommodates the largest number of people in poverty. The regulation should set clear targets to reach people living in poverty most effectively with grant support, particularly by ensuring that at least 35% of the total appropriations will be directed to basic social services, which is essential for lifting people out of poverty. This target has been included in the ALA budget by the EU Budget Authority since 2000 and this continuity should be reflected in the regulation.

The inclusion of the following issues will be essential if the objective of the regulation is to set clear parameters for eradicating poverty in Asia and Latin America:

1. The overall objective of the ALA regulation should be unequivocally stated as being the eradication of poverty. Its definition of actions should be set within the requirements of the EC Treaty, art. 2,3,6 and 177 – 181, and derived from the EU commitment to the Millennium Development Goals, as well as the joint EU Council/Commission Development statement of November 2000. The regulation’s provisions for implementation should originate in the conclusions of the EU Council for General Affairs and External Relations from 30 September 2002 with regards to the Johannesburg Political Declaration and Plan of Implementation.
2. The ALA regulation should directly indicate with tangible figures the strategic support to the EU contribution to the action-oriented outcome agreed in Johannesburg with clear and measurable objectives, directed to achieving the Millennium Development Goals. This should include increasing the appropriations to reflect the commitment to contribute 0.39% of GNI in 2006 to ODA made in Monterrey; greater proportional allocations to low income countries and 35% of allocation to social sectors, with 20% to basic social services, and 10% for the environment – as is the case in the current ALA regulation.
3. The regulation should unambiguously confirm the commitment of the EU to ensure coherence between its internal and external policies to achieve the goal of eradicating poverty. This should include the promotion of food security and rural development in the spirit of the Declaration of the Rome World Food Summit – as reiterated by the EU Council Conclusions of 30 September 2002.
4. The need to achieve a balance between environment issues and economic development should be clearly stated in the final text. Specific reference should be made to the environment in Article 2 of the proposed regulation given the exceptional richness of natural resources in the Asian and Latin American Regions and the high level of environmental degradation and the role of natural resources in supporting the daily life of the poorest. This would also be in line with the EU Council Conclusions of May 2001 requiring EC funds to support partner countries in reversing environmental degradation and to the resolutions of the EU General Affairs Council of September 2002 reaffirming the commitment of the EU to fulfil the targets agreed in the Johannesburg Plan of Implementation.

5. Recent research has pointed out the low level of environmental integration in the adopted Country and Regional Strategy Papers planning EC intervention in partner countries and regions. In this respect, strategy papers should ensure respect for the requirements of international environment agreements ratified by the EU and its partner countries such as the Convention on Biological Diversity, The Convention on Desertification, and the Framework Convention on Climate Change. In addition and as recommended by the European Commission to the EU Development Council, the establishment and implementation of National Strategies for Sustainable Development, NSSDs, called by UNGASS in 2002, should be a priority of Community support in partners countries.
6. The regulation should acknowledge the importance of the involvement of people's organisations in the process of policy, strategy and action plan formulations. Binding provisions must be made for active participation of the people's organisations in the entire decision making process. It will substantially help to understand the ground situations and formulate strategies in realistic terms tailored to the priorities of people living in poverty. The regulation should provide support for building the capacity of civil society actors and associate representatives of civil society organisations to dialogue in the context of the regulation at regional, sub-regional and country level, including legislation that ensures an authentic participation of civil society in the adoption of Country and Regional Strategy Papers.
7. The regulation needs to recognise the specific problems of poverty relating to Asia, which is home to 75% of the world's people living in poverty. A large number of Asian poor live in South Asia totalling 40% of the world's total poor. Within South Asia, special consideration should be given to countries that fall into the category of Least Developed Countries, particularly Nepal, Bangladesh, Bhutan and Maldives. The nature and objective of the list of countries annexed to the proposed regulation should be clarified.
8. The regulation should recognise the need to target specifically groups of people excluded from the benefits of development, particularly indigenous people and dalits. There are many indigenous peoples in Asia and Latin America and the proposed ALA regulation should make specific reference to indigenous peoples as recognised by international laws. One difference between civil society groups and indigenous peoples is that while the first may be seen as stakeholders, the latter have systematically rejected that description as they hold clear rights under international human rights law and have instead described themselves more accurately as "right holders". In various conclusions and resolutions the EU Council recognises indigenous peoples' rights to full and free participation in the development process from programming and identification to evaluation, including the right to object to projects, in particular in their traditional areas.
9. The regulation should also pay specific attention to the need to address gender equality as a precondition for sustainable development. The severe problems of children – and particularly the girl child, in bonded and forced labour, child labour need to be addressed and children's health issues, particularly related to HIV/AIDS. The right to education for all reaffirmed at the World Education Forum in Dakar 2000 and endorsed in a European Parliament resolution in June 2001 needs to be addressed in the regulation in line with the Development Council conclusions in May 2002 which reaffirmed Member States' commitment to ensure that no country with a viable education plan will be thwarted by a lack of resources and explicitly committed Member States to increasing the volume of aid to education.
10. Although welcoming the fact that the proposed Regulation provides for the untying of aid in Article 9, it is logical to untie aid to the fullest extent possible and therefore the regulation should make provision for aid be untied to all developing countries. The Regulation should

also make a positive contribution towards increasing the capacity of firms in developing countries to bid successfully for contracts thus ensuring long- term sustainability and development. A specific reference (including incentives) should be made to concrete measures to promote local sourcing of goods and services. The Cotonou agreement provides an existing model, which incorporates measures to promote ACP firms' participation in European Development Fund contracts. Untied aid would lead to greater sourcing of local supplies and expertise. This will not only produce more relevant goods and services for development projects, but also offer better value for money and enhanced effectiveness.

11. The regulation should incorporate the notion that a political and institutional environment that upholds human rights, democratic principles and the rule of law, good governance and the transparent and accountable management of human, natural and economic and financial resources for the purposes of equitable and sustainable development. This entails clear decision-making procedures at the level of public authorities, transparent and accountable institutions, the primacy of the law in management and distribution of resources and capacity building for elaborating and implementing measures aiming in particular at preventing and combating corruption. These principles should underpin the EU-Asia/Latin American partnership and the parties should agree that serious cases of corruption, including acts of bribery leading to such corruption, should constitute a violation of the essential elements of the regulation.
12. The Regulation should be in the nature of a parent statute that clearly lays down the policy content and under it, delegated legislation, if any, should be established only for the purpose of giving effect to such policy and never in the nature of a discretionary power that goes beyond the parent statute itself.

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This paper contains the views of a broad range of civil society organisations from Asia, Latin America and Europe. It sets out the expectations of civil society on the content and orientation of European co-operation with countries in Asia and Latin America, and on the EU's Regulation that provides the legal base for this co-operation. The paper has been the result of widespread consultations with NGOs and civil society organisations in Asia, Latin America and Europe. This included discussions and consultations at the Asia Social Forum in Hyderabad (India) in early January 2003 and at the World Social Forum in Porto Alegre (Brazil) at the end of January.