International development and the equation of power within the European Union

Magda Simona SCUTARU*

Abstract

Within the European Union, we can talk about a high degree of power and this means that states have different capacities to reach prosperity, but they also have the capacity to help other states reach a similar degree of welfare. Development Assistance plays a very important role in the world, being offered to states which cannot surpass economic, social or political difficulties. In order to reach a certain balance at the international level, between levels of development that states possess, a fundamental need occurs: states that are economically, socially and politically left behind must receive development assistance. The present work aims to analyse the degree to which the European Union contributes to international development. Both EU institutions and EU and OECD member states play fundamental roles on the world stage by granting funds to fragile and less developed states. Rethinking the third world might mean a restructuring of the political systems of states and of their economic systems, so that these countries become more developed and less dependent on other states. European institutions and assistance policies also need to change their way of regarding the matter of international development and of approaching the problem of poverty so that the needs of the third world states could be satisfied in an appropriate manner. Europe has the role of transformative power because it helps the third world states develop their economies and political systems so that they could satisfy the needs of their citizens. As a consequence, these economies are transforming. They are not autarchic systems, so when we are talking about transformation, we are talking about development.

Keywords: international development, European Union, less developed countries, official development assistance (ODA)

1. Introduction

The extension of the area of meanings which the state power has is simultaneous to new technological releases, ultra fast flow of information, new scientific discoveries, globalization. Downloading from a variety of meanings of

* Magda Simona Scutaru is PhD research student at Alexandru Ioan Cuza University of Iasi, Romania; e-mail: scutaru_simona@yahoo.com.
power a series of essential aspects closely related to state power, we can observe that the political and the economic power hold a special place within the spectrum of powers which move the most important mechanisms of state operation in post-modern times. Nothing compares to this explosion of possibilities, to this manifestation of power in many fields and with multiple meanings, on the global scene of the 21st century. In the context of these major transformations taking place on the world stage, the discussion related to international development and to International Development Assistance has a special relevance because it reveals aspects that are a priority on every developed state’s agenda related to its possibilities to help the less developed states of the world. The needs that less developed states have are the ones which determine more developed countries to act in accordance to the principle of solidarity.

The issue that is presented has the value of a widely discussed topic because poverty has been a problem for humanity since the oldest times. But it has not always been the centre of attention. The areas of concern are: ODA granted to less and least developed countries, economic development of the regions affected by lack of resources or poverty.

A very important actor, its sphere of influence exceeding the borders of a continent, is situated among the giants which rule the world both by the manifestations and creation of their own policies and also by establishing meanings for less influential and less powerful actors. It can be said that the influence which the European Union has on the world is a key factor for its own development, for the development of its constituent units - the member states- as well as for the development of the areas in which the EU intervenes in different manners, either with the purpose of establishing peace and security, or with the purpose of contributing to economic development.

Down from the range of possible to the range of reality, the power that the EU possesses manifests itself under the umbrella of unity, of interstate cooperation and of a huge will of the member states to make changes within at the level of development of each one of them.

What is, exactly, the power of the European Union? We consider that the greatest power the Union has is to contribute to a high degree of development of its members, to maintain a high degree of welfare in each member state and to raise the standards of living in less developed states. This is the essence of power in the European Union, which gains substance throughout the efficiency of its policies. A second mask of power which the Union possesses is defined by its contribution to international development, and is represented by the funding managed by European institutions. The Union intervenes through Official Development Assistance (ODA) and acts in fragile and less developed states. The European Union has become powerful from two points of view: the states which make up the Union are able to efficiently organize their internal policy and to assist other states situated outside the Union in their development; the EU is not
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an autarchic system – a closed system which advocates only for its own welfare, it also plays a very important role worldwide

The reality is clear: states must fight for their development, even when they receive external aid because they must not entirely depend on this type of support. The fact that there is enough money in the world which could be used for development is also a reality

Ever since states mobilized after the Millenium declaration, poverty has been reduced to half and millions of lives have been saved. The Millenium Declaration was conceived within the framework of a NATO summit, in which 189 countries of the world have participated; the priorities for the 2000-2015 were established. The main purpose was to reduce poverty in the entire world. Among the objectives established by the Millenium Declaration, we may mention:

- Everyone should have the right to development “An environment - at national and global levels alike – is being created and this environment leads to the elimination of poverty” (Millenium Declaration, 2000)
- The special needs of the less developed countries are to be addressed at the Third ONU Conference on Least Developed countries in May 2001
- Promoting gender equality is also very important, along with combating poverty, hunger and disease and stimulating development that is truly sustainable

Success in meeting these objectives depends on good governance at the national and international levels, that is why there must be an open, equitable, rule-based, predictable and non-discriminating multilateral trading and financial system. It is a reality that developing countries face obstacles in mobilizing their resources needed to finance their sustained development and for this reason, high level and international actions for financing for development need to be successful (Millenium Declaration, 2000).

International security is also being maintained through significant improvement of the internal situation in less developed countries because the risk of conflict occurrence is reduced. The objectives of this Declaration are valid only until 2015 and the world leaders will agree on a new set of priorities for sustainable development able to cover areas such as: reducing poverty, improving the educational system, improving the health system, equality between individuals, environmental protection. Implementing policies which act in different sectors is a key to success, but taking the right political decisions is not sufficient. Reducing extreme poverty and poverty in general and also promoting economic growth need massive allocation of funds.

What is Official Development Assistance and what is the Development Assistance Committee? DAC (Development Assistance Committee) is made up of 28 member states of OCDE and EU member states. DAC monitors and compiles statistics referring to ODA architecture and to other finance flows for development.
The DAC list of ODA beneficiaries shows all the states and territories eligible to receive development assistance. This type of list comprises all the states with very low income per capita and middle income per capita, except the G8 member states and the states which signed agreements to become EU members. ODA describes the financial and technical support offered by official agencies, including states and governments, with the purpose of promoting economic development in less developed countries (OECD, 2014).

Quite unexpectedly, ODA has had an enormous success. It is necessary for ODA to exist after 2015, when its sphere of meanings will be redefined. In 2013, a New World Record was broken by having $135 billion invested in ODA, thus contradicting the myth according to which development would be hindered due to the economic crisis (OECD, 2012).

*Europe Aid Development and Cooperation* helped creating the European Policy for Development meant to support the disadvantaged states of the world. Europe Aid is a means of support through a set of financial instruments. (European Commission). The European Policy for development is meant to destroy poverty in the context of sustainable development. This type of policy is promoted by the three main institutions of the European Union: European Commission, European Parliament, European Council – and has three main purposes:

- Poverty reduction
- Promoting democratic values
- Promoting development at the national level (European Commission).

The dynamics of poverty is changing and this is a phenomenon at a world scale. “By focusing on the temporal persistence of poverty, the poverty dynamics literature adds an important dimension to describing the experience of poverty. An important future development in the literature would be to provide temporal analyses to the “incidence”, “depth” and “severity” measures of poverty which have become common in static poverty analyses.[…] Poverty is dynamic in a number of different ways: first, in terms of depth and inter-temporal variability of chronic and transitory poverty, […] second, the distinction between chronic absolute poverty and chronic relative poverty, […] third, repeated churning around the poverty line versus other types of transitory poverty” (Yaqub, 2000). It has often been stated that poor people live in less developed states, but this is a false statement because reality shows there are approximately 1 billion extremely poor people living in developed states, such as India. In states like these, where the GDP per capita is medium, not low, the importance of ODA as compared to investments is decreasing. Even so, ODA continues to be extremely efficient and contributes to poverty reduction. In the poorest countries witness the lowest progress, even if the level of ODA is very high.

The purpose of the present work is to reveal the contribution of the European Union to international development and to underline the major role played by the Union on the world stage because it has to ensure both the welfare
of the member states and the welfare of less developed countries. The European Union plays a double part: it acts both on the inside and on the outside. It can be said that the EU is a power in the world, because it acts on both fields.

The purpose always remains the same: development. What is international development? What is the precise purpose of ODA? What is the amount allocated by the European Union to help the less developed countries of the world? Which are the most disadvantaged areas in the world, which desperately need ODA? How do European institutions and member states contribute to international development through Official Development Assistance? These are the questions on which the present research is built.

The literature review is made up of two main titles: Dac Peer Review of the European Union—© OECD 2012 and OECD (2014), Development Co-operation Report 2014: Mobilising Resources for Sustainable Development, OECD Publishing. These two important publications are in fact reports of the European Union for the years 2012 and 2014 related to the European Union contribution through its institutions and member states to international development.

A very important publication offering information related to the international development concept and its meanings is Contemporary International Relations. Central themes in world politics, coordinated by Daniel Biro. Chapter XIII, entitled “International development: between policies development and international public relations” is the work of Victor Negrescu and proves extremely important because it deals with a fundamental question related to poverty reduction, development related issues and the significance of development cooperation.

2. International development

Understanding international development starts from the elements which help defining this concept and continues with the perception of economic reports which are directly related to development (Biro, 2013, p.266).

Which states are the least developed? The United Nations classified the least developed states as nations situated at the basis of the development scale from all points of view. These states confront themselves with numerous structural constraints, such as: very low income per capita, poor human capital and economic vulnerability. If these states do not receive external aid, they will not be capable of face the challenges of development. These states need help from the International Community.

From a number of 48 states which are considered the least developed states, 34 are situated in Africa, 13 in Asia-Pacific and one – Haiti - in Latin America and Caribbean. Less developed states are and they will continue to be dependent on ODA (OECD, 2012).

States which are eligible for receiving ODA belong to five groups:
Group 1: comprises fragile states, less developed states, from Africa and Asia; 24% of the poor population of the planet lives there; 47% of this population lives with less than 1, 25 USD/day; ODA per capita is 51 USD/year; among the states from this group are also: Burkina Faso, Comoros, Congo, Ethiopia, Haiti, Mali, Nepal, Sudan, Yemen; total - 33 states.

Group 2 comprises states which are not fragile but which are neither well developed; these states are situated in Africa; 6% of the poor population on the planet lives here; 53% of the population lives with less than 1, 25 USD/day; ODA per capita is 79 USD/year; among the states belonging to this group are: Buthan, Djibouti, Laos, Rwanda, Tanzania, Zambia; in total - 15 states.

Group 3 comprises fragile states, with very low GNP; these states are scattered in the whole world; 13% of the poorer population on the planet lives here; 27% of this population lives with less than 1,25 USD/day; ODA per capita is 30 USD/year; states: Bosnia and Hertzegovina, Egypt, Kenya, Kosovo, Libya; in total- 16 states

Group 4: the states in this group have their GNP lower than the medium GNP/per capita; the states are situated in Asia and the Americas; 35% of the poor population on the planet lives in these states; ODA per capita is 13 USD/year; states: Armenia, Bolivia, Georgia, Honduras, Vietnam; total : 22 states

Group 5 comprise states whose GNP is higher than the medium one; 22% of the poor population of the world lives here; 10% of the population lives with less than 1, 25 USD/day; ODA per capita is 10 USD/year; states: 60 states, situated in America and Asia (OECD, 2014).

It is not considered that the European Union is confronted with the phenomenon of donor fatigue: the resources it has are, of course, limited but the system of Official Development Assistance is functioning at its maximum capacity and the results are visible in the world.

Development Assistance, also called development cooperation, is a mechanism through which less developed countries receive help: donor states initiate a medium or long term partnership with the states they sustain, a partnership meant to improve living conditions in underdeveloped areas. (Biro, 2013, p. 266)

Development cooperation – especially ODA- involves liberalization of economies in assisted countries, given that granting of funds is subject to compliance with principles of market economy and free trade. Trade between states plays an essential part in their development. “International trade is one of the engines of economic growth” (Biro, 2013, p.268).

There is a natural tendency of saturation in the existent economic markets, that is why solutions to stimulate production at a global scale are constantly sought. Liberal theories may offer a solution to this problem: developing new
markets by supporting less developed countries. One important aspect must be remembered, namely that many of the less developed countries are faced with serious internal problems, systemic problems, that is why stimulating their capacity of absorption seems a difficult task. An encouraging solution appeared after the Second World War, when ODA was launched. ”For critics, development assistance is only a sign of capitalist domination which encourages the assisted state but brakes its development, while for the defenders it remains indispensable” (Biro, 2013, p. 271).

We consider that the truth is on both sides, both critics and defenders expressing realistic points of view. On the one hand, assistance for less developed countries emphasizes their dependence on donor states and can lead to a lack of initiative and to passive attitudes. On the other hand, it is true that without external help, some states would not have developed and would have faced great difficulties because of the shortage of funds.

3. The contribution of the European Union to international development

International development assistance has evolved in the last 50 years, from its charity origins to more recent and more complex, multidimensional approaches which present development as a matter that goes beyond simple economic growth. The remarkable changes that took place in the whole world in the XX th century were followed by a period of unprecedented economic growth and influenced this evolution. In the `60s, states were considered either developed or underdeveloped. In the `70s, the used terms were “first world” and “third world”, with a second group of socialist societies placed somewhere in the middle. Now, the terms used are More Developed Countries and Less Developed Countries (International Development Assistance, 2009).

3.1. Short history of international development aid evolution

3.1.1. From the First World War to the mid-70s

The `50s have coincided with the beginning of the Cold War. The USA have become a world economic power, the greatest of all. It had become obvious that, if the USA had helped the European states after the war, the chances of economic stability in Europe would have grown and spreading communism would have been stopped. So, The Marshall Plan was launched. Its purpose was to help reconstructing Europe. The International Monetary Fund was founded in 1944 and The International Bank for Reconstruction and Development, in 1945 (International Development Assistance, 2009). In 1949, the official programme for international development assistance was extended by the USA to help the less developed countries also.
3.1.2. From the mid-70s to the end of the `80s period

In the period between the mid-70s and the end of the `80s, different crises occurred: the oil crises, or the debt crises have led to a profound economic crisis. General economic theories have changed also and, regarding implemented policies, neoliberalism has become a central theory. The neoliberal economic school advocated for the abolition of government intervention in economic matters, so that barriers against free trade would not exist. Free trade was considered a key to development for any state. Economic liberalism, a theory that was valid in the 18th century, was refreshed in the mid `70s and has gained a new name: neoliberalism (International Development Assistance, 2009)

3.1.3. From the `90s to the year 2000

In the past decades, different economic theories have existed and based on them, new development theories have been built. Poverty was a serious problem in the 20th century and, despite all efforts, it has not ended. Economic growth has been and has remained a priority on the agendas of all the states in the world, especially on the agenda of less developed countries which, to a large extent, depend on external development aid.

3.1.4. After 2000

After the year 2000, a special emphasis was put on efficient policies and good governance. In the recent years, it has been observed that poverty has extended. Poverty is related to a series of numerous aspects, such as: the low education level; health; poor or non-existent social justice. In this context, urgent measures to eradicate poverty, to exterminate the roots of this phenomenon are of uttermost importance. The efficiency of policies and governance is called into question and it can be said that, in these conditions, good governance in less developed countries is related to a multi-dimensional approach of the nature of poverty phenomenon.

3.2. United Nations Millenium Declaration and the objectives for development

On the 18th of September 2000, the General Assembly of the UN gave the Millenium Declaration which was unanimously adopted by the member states. The Millenium development objectives are all collected in an Agenda which has as a purpose reducing poverty and improving millions of lives. Among the objectives of the Millennium Declaration, we may mention:
- Poverty (and hunger) eradication
- Primary universal education
- Promoting gender equality
- Reducing infant mortality
- Combating HIV/AIDS, malaria and other diseases
- Ensuring environmental safety
- Setting a global partnership for development (International Development Assistance, 2009)

In time, the power of the European Union has constantly grown: after numerous extensions, the European Union has become a very important actor on the world scene and is now a major actor contributing to global development, coordinating extremely coherent actions of the 28 member states and directly supporting less developed countries. Official Development Assistance offered by the 27 member states in 2011 was of $73.6 billion. Funds donated by the European Institutions were of $12.6 billion (OECD, 2012).

3.3. The European Union institutions: major actors of the equation

The characteristics – dimension, scope and institutions – have transformed the European Union into a formidable actor of global development. The European Union institutions have a word to say and they are unique, irreplaceable actors because they play a federative role towards the member states and they also help the less developed countries. The EU institutions are the ones who manage a huge part of ODA (OECD, 2012).

The European Union delegations are present everywhere in the world, in 136 partner states, the Union being among the three most important donors in the world. The Cotonou Agreement was signed between the African, Caribbean and Pacific Group on one side and The European Community and the member states on the other on the 23rd of June 2000. The agreement was revised in 2005 and 2010. Article 1 specifies that the main objective of the Treaty is to eradicate poverty and to sustain development, along with a gradual integration of ACP countries within the world economy (Official Journal of the European Communities, 2000). The Cotonou Agreement is the most extended cooperation and partnership agreement signed by the EU with 78 states situated in Africa, Carribean and Pacific areas.

The ODA level allocated by the European institutions is discussed and established within the multi-annual financial framework which translates the EU priorities in financial terms. Within the framework elaborated for the period between 2007 and 2013, ODA is discussed at paragraph 4, called “The European Union as a global partner”. ODA represented, in that context, around 5.7% from the total financial framework of the EU (OECD, 2012).

There is a great number of OECD and EU donor states. There are 28 member states which contribute to international development: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Holland, New Zeeland, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Great
Britain, and the USA. Each state contributes to international development with certain annual amounts reaching millions and billions of dollars mainly in Africa, where the most fragile states are situated.

We shall offer three examples of member states of the European Union and their contribution to ODA:

1. **Austria**: Austria uses ODA to mobilize resources for sustainable development especially through the Development Bank of Austria. The government has elaborated the *Guideline on Private Sector and Development* and is involved in development initiatives. It especially promotes aid within the commercial field for less developed countries, to help them integrate in the world economy. In 2012, 72 million dollars were granted for commercial activities, 8% more than in 2011. In 2012, the total amount allocated by Austria for development was $ 2.7 billion. In 2013, Austria has allocated 1.2 billion dollars through ODA, which was given to Africa and Eastern Europe (OECD, 2014).

2. **Belgium**: Belgium is granting ODA to help the evolution of investment within the private sector, especially through its development institution, Belgium Company for Developing Countries. The Belgian Strategy for Private Sector Development has the purpose to create a business environment and to facilitate investments within the private sector in less developed countries. It contributes to the mobilization of internal resources in less developed countries. Only in 2012, the amount of 125,000 USD of ODA was allocated for activities to support this field. Help is given to sustain commercial activities, to improve the quality of these activities in less developed countries and to integrate them in the world economy. Belgium is a partner of International Organisation for Migration in a special programme called *Migration for Development in Africa* which supports the immigrants who wish to invest in sustainable development of their state of origin. In 2012, the amount allocated by Belgium for development reached 1.1 billion dollars. In 2013, Belgium allocated 2.3 billion dollars through ODA (OECD, 2014).

3. **France**: France grants ODA in a similar manner to Belgium, in order to promote investments in the private sector by supporting the tax system and trade in less developed countries. In 2012, France granted 514,000 USD for activities related to the tax system and 3.5 billion USD for trade related activities. It helped the less developed countries to invest in a productive manner by granting 8.4 billion dollars in 2012 and 11.4 billion dollars in 2013 (OECD, 2014).

4. **Romania**: Romania is also a donor state, since 2007. It is considered that “there is excellent experience and considerable expertise available in state institutions”. In 2007, Romania’s total ODA contribution was of approximately 82 million Euros (0.07% of GNP and in 2008, of 94 million Euros. Romania’s ODA has focused on countries in the close neighbourhood
like Moldova (800,000 Euros), Serbia (400,000 Euros) or Georgia (300,000 Euros). The main domains of assistance have been: social development, water supply, civil society development, rule of law (Pralong, 2009). Romania has been expanding its international development cooperation in line with applicable EU policy as a member state of the EU. The state has developed a clear national policy and an institutional policy for its ODA. The geographical focus is now on twelve countries: The Republic of Moldova, Ukraine, Belarus, Georgia, Armenia, Azerbaijan, Egypt, Tunisia, Libya, Iraq, Palestine and Afghanistan. Romania has established as priorities to help other states with the processes of:

- Transition to democracy;
- Support for agriculture and sustainable economic growth;

The main financial instruments used between 2007 and 2013 were:

1. European Neighbourhood and Partnership Instrument
2. European Development Fund
3. Development Co-operation Instrument
4. Instrument for Greenland
5. Pre-Accession Instrument
6. European Instrument for Democracy and Human Rights
7. Instrument for stability
8. EU Food Facility
9. Nuclear Safety Co-operation
10. DCI Environment and Sustainable Management of Natural Resources Instrument
11. DCI - Non-state actors and local authorities in development
12. DCI - Food Security
13. DCI - Migration and Asylum
14. DCI - Investing in People
15. DCI - Restructuring and Production
16. DCI - Main ACP Banana Supplying Countries

3.4. The key role of the Lisbon Treaty

“One of the key objectives of the EU external action is to focus on economic, social and environmental development in less developed countries. The Lisbon Treaty has in view the development cooperation as its own policy, which takes place within the framework of the principles and objectives of EU external action” (OECD, 2012).

The Lisbon Treaty has a special significance for the international development programmes because it settles that peace keeping, preventing
conflicts and strengthening international security are key objectives of the EU external action. These aspects are the ones which offer the European Union a legal basis to act in fragile states.

### 3.5. Development and economic growth

Agenda for Change is a document of the European Commission. Constant efforts are necessary to face the insecurity and transition challenge. Special attention is given to the connections between insecurity and poverty. Agenda for Change includes the intention to maximize the efforts to sustain economic growth and private sector development. Official Development Assistance describes the financial and technical support offered by the official agencies, by states and governments or by different agencies located in states and territories included on the DAC list, so that less developed countries can become the beneficiaries of ODA. This type of aid is administered with the purpose of promoting economic welfare in less developed countries (OECD 2012).

The years following 2015 are important for defining the future framework related to ODA, which has to be settled by the European Union. The Global Agenda, which is already prepared for the period after 2015, has the potential to bring less developed states on the path of prosperity and towards equality (OECD, 2012).

### 4. Conclusions

The European Union plays a key role in international development, through the help offered to fragile states in Africa to fight extreme poverty and hunger. Through the great influence it has in the world, the European Union is a solid piece within the international arena, a strong actor who respects the principles on which is built, especially the one of solidarity. Respecting this principle goes beyond the borders of the European Union and functions in relation to other states of the world which desperately need external help to stabilize their internal market. Respect for human rights, for democracy, equality and for the core concept of solidarity - these are the main pillars regarding international development on which the power of the European Union is based. The Union is powerful because it can help the less developed states, because it does not leave them behind nor does it forget about them.

The amounts (billions of dollars) granted by almost every European State for development reveal the high degree of involvement of the EU in international development. The European Union proves that the values and principles on which it is based include respect for human rights and fundamental freedoms, equality and solidarity, which are not just empty words, expressions without substance; they reveal a set of realities.

From its creation, in 1972, the ODA concept has been a very useful and successful instrument which helped development cooperation and policies for
development. ODA has existed for more than 40 years and it has reached its goal. Stability has been brought, especially within the less developed African countries. Even if a higher level of development is still far away, stability and survival of the population in tough conditions are also important and the journey towards a minimum level of welfare has begun.

The global environment in which ODA acts has radically changed. There is a series of global challenges, such as climate change, changes in the area of security, changes in population migration. ODA has to be able to face all these challenges. A new concept has to be elaborated in the next period. ODA has to be restructured and a new light has to be thrown on it, in order to face these new challenges.

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