



The European Report on Development
A guide for journalists

1. Development matters

Development is a priority issue for European citizens, and this is reflected in EU policy.

European Union citizens generally care about the world and take their responsibilities as global citizens seriously. They see development as a major priority for the EU – both in principle and for pragmatic reasons. According to a poll conducted by Eurobarometer¹, the EU's public opinion gauge, Europeans see the main motivations for development aid as self-interest, ensuring global stability, and altruism.

In addition, there is a consensus among EU citizens (64%) that sub-Saharan Africa is the most appropriate destination for assistance. Although most Europeans are unfamiliar with the composition of the Millennium Development Goals (MDGs), the top priorities they identify are reducing poverty and hunger (66%), combating HIV/AIDS, malaria and other diseases (46%), achieving universal primary education (34%), ensuring a sustainable environment (32%), reducing child mortality (31%), and developing a global partnership for development (19%).

EU: responsible global citizen

These values of solidarity and cohesion are reflected in EU development policy which seeks to make a world of difference. The Union is the world's foremost provider of development and humanitarian aid. Together, the Union and its 27 Member States spent nearly €50 billion on development and humanitarian aid in 2008. This represents an increase of about 8% on the previous year and amounts to almost €100 per citizen.

At the European level, the European Commission, in partnership with the Council of Ministers and the European Parliament, helps Member States to coordinate their humanitarian and development assistance, manages its own co-operation programmes and activities, proposes and implements policies, and co-operates with partner countries, other donors, intergovernmental organisations and civil society.

The Commission's Directorate-General for Development and Relations with the African, Caribbean and Pacific (ACP) States deals with more than half of the countries of the world, on the basis of partnership and local ownership of the development process. Furthermore, it sets the Commission development policy and coordinates European development policy across the globe.

In the field, EuropeAid, the Commission's development co-operation office, is responsible for implementing external aid programmes and projects around the world. In addition, ECHO, the Commission's humanitarian aid office, is responsible for humanitarian and emergency aid.

Instrumental role

In addition to the individual aid budgets and programmes of the Member States, the EU manages a number of its own financial instruments. The main ones are the European Development Fund (EDF), worth EUR 22.7 billion (2008-2013); the Development Co-operation Instrument (DCI), which has been allocated almost EUR 17 billion (2007-2013); the European Instrument for Democracy and Human Rights (EIDHR), valued at EUR 1.1 billion (2007-2013); and the Instrument for Stability, with a budget of EUR 2.1 billion (2007-2013).

¹ http://ec.europa.eu/public_opinion/archives/ebs/ebs_280_en.pdf The 2009 Eurobarometer survey on development aid will be published in the week of 19 October 2009.

Among the most significant recent achievements in the development field was the establishment of the so-called EU Food Facility, which was set up in response to the worsening global food security situation and soaring food prices in developing countries. Covering 50 target countries, the facility will operate for three years (2009-2011) and will finance agricultural and food security projects, including safety nets and measures to improve access to agricultural inputs, for up to one billion euros.

Fit for the 21st century

The Millennium Development Goals were agreed in light of the unacceptable levels of global inequality and poverty at a time of unprecedented human progress. The MDGs seek to make the 21st century a more equitable and prosperous time for all the world's people. There are eight MDGs in all:

- Eradicating extreme poverty
- Achieving universal primary education
- Promoting gender equality and empowering women
- Reducing child mortality
- Improving maternal health
- Combating HIV/AIDS, malaria and other diseases
- Ensuring environmental sustainability
- Developing a global partnership for development

2. Why a European Report on Development?

There are already a number of development reports issued by international institutions, national governments and research institutes. This raises the question of why we need a European Report on Development.

Europe is a world leader and trailblazer in the development field. But given the enormous challenges facing the international community – donors, partner countries and civil society – in forging a more equitable world, the EU needs a tool that will help crystallise its vision for development, convey its perspective to the world and influence international debate.

The European Report on Development (ERD) is just that tool. It is a new initiative which seeks, in close co-operation with high-level researchers and experts from developed and developing countries, to elaborate a European perspective on some of the most pressing development challenges in a changing global context – one that is based on deeper, evidence-based knowledge of the developing world and the challenges facing it and innovative policy ideas that can make a real difference.

An annual report, the first edition of the ERD is to be published in October 2009 following intense networking activities with scholars, policy-makers and civil society in Europe and Africa. Lead by the European University Institute (EUI), this first edition focuses on the complex and multidimensional issue of fragility (see fact sheet 3) and approaches to tackling it, with a specific focus on sub-Saharan Africa.

The ERD initiative is currently supported by the European Commission and six EU Member States, namely: Finland, Germany, Luxembourg, Spain, Sweden and the United Kingdom.

A collaborative process

The ERD was compiled with the assistance of European and African academics, researchers, policy-makers and civil society actors. In fact, stakeholder participation has been at the core of the process to compile the ERD. The ERD Steering Committee – which has provided the leadership and policy inputs necessary to guide the authorship process – is at the centre of this multi-stakeholder and multi-disciplinary effort. It is composed of representatives of the European Commission and of the six EU Member States which are co-funding this initiative.

The report's main authors at the European University Institute have employed a process that is participatory, consultative and peer-reviewed. The report primarily relies on existing literature, but original research has been commissioned from specialised institutes and universities. Each consultation activity built on the background papers and issues papers which drew on both existing and new research.

These research papers were validated and discussed during a series of consultative activities (research workshops and conferences) prior to the finalisation of the report. Peer consultations of this kind helped ensure a transparent and participatory authorship process involving all the main stakeholders in Europe and in Africa.

New faces, new perspectives

Local solutions are often the most effective ways of solving local problems and meeting local challenges. With this in mind, the ERD's 'New Faces for African Development' initiative gave young African researchers a prominent platform to air their findings and views on development.

Out of an original pool of 158 submissions from 38 countries, 15 researchers from across Africa were invited to present their research at a major ERD conference in the Ghanaian capital of Accra.

Together, the talented young researchers provided valuable snapshots from the field on the factors contributing to fragility in sub-Saharan Africa and how these affect the societies and people there. The issues they covered included the causes and consequences of fragility, how it affects education, the use of traditional African governance mechanisms to decentralise power, electoral violence and fragility, Zimbabwe's descent into fragility, oil management and food insecurity in Nigeria, gender discrimination in the labour market in Cameroon, the 'curse' of diamonds in Sierra Leone, as well as the link between aid and growth.

The papers produced by the young African researchers, as well as an article and podcast featuring them, are available on the ERD website.

3. Fragile: handle with knowledge

In Europe and other developed countries, we take it for granted that the state will be there to ensure our security, uphold the rule of law, and provide us with a whole range of services, from collecting rubbish and building roads to providing education and social security.

But there are places in the world where the state cannot or does not manage to perform its core tasks. The governments of these 'fragile' countries either lack the capacity or the legitimacy to govern effectively. In these countries, citizens can lack the most basic public services, such as access to safe drinking water and primary healthcare, and often live in acute insecurity. They are also generally more vulnerable to external or internal shocks, such as natural disasters, economic turbulence or social unrest.

Fragility has serious development implications. For a variety of reasons, including being caught in a kind of poverty trap, fragile countries are under-performing in terms of their development and particularly when it comes to the Millennium Development Goals. Although only around 15% of the developing world's population lives in fragile countries, they account for a third of the world's poor and half of child mortality.

This is particularly the case in sub-Saharan Africa. The root causes of this fragility are manifold and include conflict, poor governance, weak institutions, lack of social cohesion and ethnic fragmentation. Countries experiencing fragility are extremely diverse, so there can be no 'one-size-fits-all' approach to their development challenges. However, one thing they share in common is that their fragility has severely affected their development prospects.

Stubborn problems

One of the other problems is the persistence of fragility. For instance, 35 countries defined as fragile by the World Bank in 1979 are still fragile in 2009, three decades later. And fragility is bad news also for the neighbours, as fragility has spillover effects that can weaken or destabilise the entire neighbourhood. These spillovers include weaker intra-regional trade, the deterrence of foreign investment and even the fuelling ethnic tensions.

An estimated 80% of the cost of fragility, in terms of forgone economic growth, is borne by more stable neighbouring countries, which see an average of about 0.6% per year shaved off their economic growth potential. So, with 3.5 neighbours per country on average, the losses from this 'bad neighbour effect' can add up to more than €160 billion a year in Africa.

Fragility can also have a global fallout which can affect the international community as a whole. One recent example of this is the revival of piracy in the Gulf of Aden which is closely linked with the turbulence in Somalia.

4. Robust responses to fragility

The issue of 'fragility' is high on the EU political agenda.

The unique challenges associated with fragile states have been on the EU radar for some years now. As early as 2001, fragile states were declared a priority by Belgium's six-month presidency of the European Union. By 2005, fragility had found its way into the landmark European Consensus on Development, in which the EU and its Member States expressed their shared vision for development based on a commitment to eradicating poverty and building a more stable and equitable world.

The consensus identified 'state fragility' as one of the five key challenges of development policy, and outlined an EU approach based on governance reforms, establishing the rule of law, combating corruption, the building of viable state institutions, and boosting state capacity.

Comprehensive and coherent

In 2007, an extensive debate led to a Commission Communication, a series of Council Conclusions and a Resolution by the European Parliament sketching out a comprehensive 'EU response to situations of fragility'.

A 2008 EU research paper – elaborated under the lead of François Bourguignon of the Paris School of Economics and entitled 'Millennium Development Goals at midpoint: where do we stand and where do we need to go?'² – recommended a special development agenda for fragile states.

An EU Action Plan, with concrete proposals for a more coherent and strategic European approach to situations of fragility and conflicts, is due out in 2009. The Commission is also refining its instruments and procedures to make them more responsive to the challenges posed by fragility.

In addition, the ERD's launch also coincides with a number of other important political events. The Irish 'yes' vote to the Lisbon Treaty brings the Union closer to its goal of speaking with a more unified voice on the international stage. And in September, the Commission proposed a new approach to 'Policy Coherence for Development' (PCD) focused on key global challenges, which include the promotion of peace and security for development.

The European connection

What distinct advantage can the EU bring to the question of fragility, is a question that has been raised a number of times. The EU is well-placed to make a difference in the context of fragility. This is notably because, unlike international organisations and other intergovernmental bodies, the Union deals with the whole gamut of policies that can help fragile countries move towards stability.

In addition, the EU possesses a Common Foreign and Security Policy (CFSP) through which the 27 Member States pool their diplomatic energies on matters of mutual importance. Moreover, the EU and its Member States have long-standing relationships and partnerships with African states which can be incredibly valuable when tailoring responses to unique situations. In fact, owing to the diverse needs of the beneficiary countries, development programmes – and indeed the policies that breathe life into them – have to be flexible enough to work effectively.

² http://ec.europa.eu/development/icenter/repository/mdg_paper_final_20080916_en.pdf

5. Strong policies for fragile situations

Fragile countries need to navigate their own course away from fragility and towards resilience. With the range of policies and instruments at its disposal, the EU can help this process, but this requires a tailored approach to each country and a long-term involvement spanning all policy areas.

The European Report on Development (ERD) is more of a “framework to think” than a policy prescription, as stressed by its lead author Giorgia Giovannetti. It does not aim to reinvent the wheel. Rather, it seeks to draw lessons from decades of experience and, based on that, point a way forward for addressing the apparently intractable challenge of state fragility. It recognises that, over the years, there have been a lot of successes and some failures – all of which provide valuable lessons for the future.

Essentially, each fragile country is unique and so needs to pursue its own path out of fragility. That is why the ERD stresses that the EU should “tailor general policies to address specific issues and adapt them to individual contexts”.

Together, the EU and local actors – from governments to civil society – should jointly plot a course forward. Efforts must focus on a wide spectrum of priorities over the long term, because the problems of fragile states are mainly structural and persistent.

The ERD identifies five key priority areas for EU engagement, namely: bridging the gap between short-term needs and long-term policies and resilience; enhancing human and social capital; supporting state-building and social cohesion; supporting better governance at a regional level, including regional integration; and strengthening security.

Investing in people

Furthermore, the ERD advocates that the EU should concentrate its efforts and support on areas in which it enjoys a comparative advantage, such as developing human capital by investing in education in fragile states, attending to the gender gap, and building social capital.

Moreover, in order to promote true sustainability and accountability, underutilised domestic resources need to be harnessed and expanded by building up a domestic tax base and developing robust local financial institutions.

Despite its importance to individual well-being and the economy at large, farming in sub-Saharan Africa has faced neglect for years. The ERD pleads for a reversal in this situation through greater investment in the agricultural sector.

Meet the team

The ERD core team is made up of 11 members:

Giorgia Giovannetti Team leader of the ERD report. She is a full professor of economics at the University of Florence and a visiting professor at the New York University in Florence.

Wendy Harcourt – Editor of the journal *Development* and senior adviser at the Society for International Development.

Thierry Verdier – Scientific director of the research centre PSE (*Paris-Jourdan Sciences Économiques*) ..

Marta Reynal-Querol – Associate professor of economics at the University of Pompeu Fabra in Barcelona and affiliated professor at the Barcelona Graduate School of Economics.

Shailaja Fennell – Lecturer in development studies attached to the Department of Land Economy at Cambridge University. She is a fellow of the university's Jesus College.

Pascal Vennesson – Professor of political science and joint chair of 'Security in Europe' at the European University Institute.

Franklin Allen – Professor of finance and economics at The Wharton School of the University of Pennsylvania and co-director of the Wharton Financial Institutions Centre.

Ingo Linsenmann – ERD project manager at the Robert Schuman Centre for Advanced Studies in Florence.

Simone Bertoli – ERD project assistant at the European University Institute. He also works on the transnationality of migrants at the Institute for Employment Research in Nuremberg.

Elisa Ticci – ERD project assistant at the European University Institute. She also works as a lecturer in economics at the University of Florence and as a consultant for the World Bank.

Marco Sanfilippo – ERD project assistant at the European University Institute. He is also researching Chinese foreign direct investment in Europe at the Centre for Advanced Studies on Contemporary China.