

IDEALS OR INTERESTS?

**An analysis of the motives for the European Commission's aid allocations
from 1960 to 2008**

MASTER THESIS

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ABSTRACT

The aim of this thesis is to understand the motives of the European Union (EU) as a multilateral donor and whether its aid allocations are in accordance with the stated goals and objectives. The research question is: *Which motives determine the aid allocations of the European Commission, and are the allocations in accordance with its stated goals?*

The research question's relevance lies in the fact that the EC is the world's largest multilateral donor. Also, the international donor community is setting new and ambitious goals to work together for poverty eradication, such as with the Millennium Development Goals (MDGs). Furthermore, the EU is different from other multilateral donors as it is based on a regional constituency. It thus becomes necessary to evaluate whether the goals of the donor or its own strategic interests determine the direction of aid flows.

The theory states a three-fold of donor motives: recipient needs, strategic interests and recipient merits. Moreover, theoretical postulations indicate that multilateral donors are more likely to follow their goals than bilateral donors, as they are supposed to be independent of member states' interests. Nevertheless, the theory also states that multilateral donors are likely to be influenced by major shareholders or the aggregate of member states' interests.

To answer the research question, the thesis conducts a qualitative case study of the European Union as a multilateral donor. The analysis is based on data on aid flows from the OECD, reports, treaties, agreements and existing literature. The thesis finds that the development policy of the EU has changed from focusing on strategically important former colonies to focusing on poverty eradication and embracing all of the world's poorest countries. However, the actual disbursements from the EC have moved in the other direction; while the strategic areas were in focus, the poorest countries benefited the most, whereas when poverty eradication became the main goal, the strategic neighbours of the EU were the main recipients. The thesis shows that the EU has a long way to go before it fulfils its objectives. The EU seems to be more preoccupied with rhetoric than action in the field of development policy, at least towards the poorest countries of the world.

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LIST OF ABBREVIATIONS

ACP	African, Caribbean and Pacific Countries
ALA	Asian and Latin American Developing Countries
CEEC	Central and Eastern European Countries
DAC	Development Assistance Committee
DAG	Development Assistance Group (predecessor of DAC)
DG	Directorates-General
GDP	Gross Domestic Product
GNI	Gross National Income
EC	European Commission
ECD	European Consensus on Development
ECU	European Currency Unit
EDF	European Development Fund
ECDPM	European Centre for Development Policy Management
EU	European Union
LDC	Least Developed Countries
LMC	Low and Middle Income Countries
IDA	International Development Association
IMF	International Monetary Fund
MADCT	Most Advanced Developing Countries and Territories
MDG	Millennium Development Goals
NGO	Non-Governmental Organisation
NIS	New Independent States
OA	Official Aid
OCT	Other Countries and Territories
ODA	Official Development Assistance
OEEC	Organisation for European Economic Cooperation (predecessor of OECD)
OECD	Organization for Economic Development and Cooperation
OLIC	Other Low Income Countries
OSCE	Organisation for Security and Co-operation in Europe
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
TACIS	Technical Assistance for the Commonwealth of Independent States

UK	United Kingdom
UMIC	Upper Middle Income Countries
UN	United Nations
US	The United States of America
WW2	World War 2

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1. INTRODUCTION

The European Community, which in 1992 became the European Union (EU), contributed to approximately 12 percent of total aid from 1975 to 2003. This makes the organisation the world's largest multilateral donor of aid to developing countries (Hansson 2007: 196)¹. As an aid donor, the EU likes to give an impression that it is a benevolent and altruistic actor in the global community. Slogans such as "Together for a better world" and statements like "Development policy is at the heart of the EU's relations with all developing countries" are vigorously used, and the goals for poverty eradication set in the development policy are highly ambitious². Yet, research on the European Commission's (EC) aid allocations has shown that the EC tends to allocate aid based on its strategic interests. From this, I draw my research question:

Which motives determine the aid allocations of the European Commission, and are the allocations in accordance with its stated goals?

The focus on how the EC's aid policy corresponds with the actual aid allocation is analysed in light of existing theories on aid allocation. The theoretical framework can be summarised through a distinction of donors and motives. Initially, it must be noted that it is difficult to capture donor motivation. However, this thesis will approach this issue through three theoretical categories of donor motives: *strategic interests*, *recipient needs* and *recipient merits*. Furthermore, the thesis will analyse whether it is the Member States, common EU interests or the goals and objectives in the development policy which influences the aid allocation. Thus, the aid allocation of the EC will be analysed by looking at its history, goals and the direction of aid in order to understand which motives has influenced the aid allocation. Another assumption is that there is a difference between the incentives for allocation of bilateral and multilateral donors. This theory claims that bilateral donors will allocate aid primarily based on strategic interests, while multilateral donors tend to follow their goals, and hence focus on the needs of the recipients and recipient merits. While allocating aid according

¹ The European Community was created in 1967 when EURATOM, the European Economic Community and the European Coal and Steel Community were fused. The European Union was established with the Maastricht Treaty, which was signed in 1992 and entered into force in 1993.

² "Together for a better world" is a slogan presented on many of the EU's web-pages on development policies, and the statement "Development is at the heart of the EU's relations with all developing countries" is written in the European Consensus on Development. The ambitious goals of the EU will be elaborated on in chapter five.

to recipient needs is often associated with altruism, aid allocation based on donor interests is often implicitly or explicitly associated with the altruistic counterpart, self-interest. The EC stands out from the typical multilateral donors, as it is a donor with a regional constituency. It is therefore natural to assume that the EC will not act as a typical multilateral donor, being primarily altruistic, as it must take security issues, commerce and political ties into consideration. I will analyse the motives for donating aid from 1960 until 2008, to see whether the motives have changed with time. Also, I will evaluate whether the aid allocation corresponds with the goals and objectives set for the EU's development policy. Though I conceptualise the EU as a multilateral donor, the EC is responsible for its aid allocation. Hence, it will refer to the EC when speaking of the multilateral allocations of the EU. When referring to the Union as a whole, and when speaking of its goals and objectives, the notion EU will be used as these are applicable to the entire Union.

The thesis uncovers a quite striking paradox, finding that the allocations of the EC have become less poverty-oriented while the policies have changed from strategic areas to including all of the world's developing countries and a focus on poverty eradication. This is displayed through the two-fold role of the EU as 1) a regional organisation with geo-political and commercial interests, and 2) a multilateral donor, with overarching goals to follow. This combination explains how the EC motives cannot be explained based solely on one category. This thesis will elaborate on how this can be explained through changing priorities in the EC, due to both internal and external historical trends.

1.1 AID IN THE CONTEXT OF THE EU

Since the Treaty of Rome in 1957, the EU has evolved and grown in scale and scope, as new Member States have joined and new policy areas have been added. The EU's development policies have throughout the 20th century grown from being limited to its colonial ties, to focusing on all development countries. Furthermore, the role of the EU as a global actor is constantly growing in importance, as more Member States are joining and the budget for development assistance is increasing. It therefore becomes interesting to investigate what determines the aid allocation of the EC, whether the allocations are in accordance with the stated goals, and how historical events might have changed the direction of aid. As this thesis is an in-depth study of the EU as a multilateral donor, it is important to note that aid from the

EU comes both in the shape of bilateral aid directly from each Member State, but also as multilateral aid from the EC. The latter is the focus of this thesis.

The common aid policy of the EU is directed by the Commission, which is the executive branch of the EU. However, decision-making on the common policy involves decision-making both within the Member States and among the EU institutions (Olsen 2005: 578). The Commission is an independent body of the EU, which is nominated by its Member States, and charged with representing and upholding the interests of the EU as a whole (World Bank 2009). It is also responsible for the EU budget. The EC is a large multilateral donor, as the EC provided eleven percent of global Official Development Aid (ODA) in 2004 (while the EU's overall share was 55 percent) (World Bank 2009). The main tasks of the EC are to be the designer and manager of EU policies, with a monopoly right to propose legislation.

1.2 THE IMPORTANCE OF AID RESEARCH

Aid has become a vital measure in helping developing countries fight poverty; both in reducing short term problems such as natural disasters and famine, and in assisting them in establishing infrastructure and institutions such as hospitals and schools. As aid has become a central part of the relationship between wealthy countries and developing countries, the effects of aid and the determinants of aid allocation have also become important research areas.

According to Alesina and Dollar (2000: 34), the foreign aid literature can be divided into two parts; One part considers the effect of foreign aid on the receiving country, while the other part looks at aid allocation, namely who gives aid to whom and why. In this thesis the focus will be on the latter. First of all, research on aid allocation is important because of the increasing focus on poverty eradication in the world community. Aid has traditionally been aimed at increasing economic growth, but in the recent years, the broad aim has changed more towards poverty alleviation. This can be seen in the Millennium Development Goals and the European Consensus on Development, which both aim to direct aid at reducing extreme poverty, through measures such as health care, education, reducing diseases and promoting gender equality (European Union 2006; World Bank 2004). How aid is allocated is therefore a very relevant topic, as aid is becoming a larger part of donor countries budgets, while poverty still prevails as an enormous problem in the world today. The creation of common

international objectives such as the Millennium Development Goals make this an even more current topic, as donors now work together to obtain their goals, and reduce poverty. This research is important, as it will reveal whether the aid policy actually determines the aid allocation, or if it seems to hold empty promises. With the world community setting new and ambitious goals for eradicating poverty, it becomes necessary to evaluate how the donors perform according to their own development policy.

Secondly, research on aid allocation give a different angle to understanding why aid can be said to be effective or ineffective based on the interests of the donor. According to Masud and Yontcheva (2005: 4) one of the main reasons why studies on the effectiveness of aid have given disappointing results is that aid is misallocated. They argue that because many donors give aid for strategic reasons but to the wrong recipients, aid effectiveness studies have not shown promising results. This argument supports the view of Alesina and Dollar (2000: 33) who believe that a great deal of foreign aid is wasted, as it only leads to unproductive public consumption. They find evidence that foreign aid is distributed largely as a result of the political and strategic considerations of aid donors. Their main argument is that donors who give aid based on strategic and political interests will not consider the “correct” incentives in the receiving country, namely economic openness, good policies and income levels, but rather help politically friendly former colonies that might not have these “correct” incentives in place. Thus, allocating aid by considering strategic and political issues may cause aid to be ineffective in terms of economic growth or poverty alleviation.

Aid allocation is highly influenced by the motives of the donors, and these motives differ between the various donors. Neumayer (2003: 7) argues that donors have the power to allocate aid so that it becomes more effective. One way donors can do this is through focusing more on allocating aid based on development criteria and less on self interests. The understanding of aid allocation motives is therefore very important in the effort towards reducing poverty. This argument shows that the study of aid allocation is highly important, both in order to learn how to increase the efficiency of aid and to assess donor behaviour. Research on aid allocation in itself is also important to assess what donors consider when they decide who to give aid to, or if they simply follow their stated goals.

1.3 SCIENTIFIC RELEVANCE

Research on aid, both in terms of aid effectiveness and aid allocation, represents a very comprehensive and quite complex literature. As noted above, these two different literatures compliment each other in the research on poverty reduction. The research on aid allocation searches to understand who gives aid to whom and why (Alesina and Dollar 2000: 34). Many scholars have analysed the motives of donors, using different statistical models and analysing different donors or groups of donors. Qualitative research which goes beyond simple description has been more limited. Also, the study of individual multilateral donors has not received as much attention as bilateral donors. As donor motives are complex and made up by a number of factors which are not all easily measured statistical analysis will conceal part of the picture. The existing literature has often analysed aggregates of bilateral or multilateral aid, therefore, studying them individually is important to reveal specific characteristics of the donors³. Most of the previous research also takes an exclusively quantitative approach to explaining the motives for aid allocation, and they do not explain the donor behaviour based on the historical and political background or the composition of the donor. Furthermore, despite the economic and political significance of EU development policy, it is an understudied area of EU politics (Arts and Dickson 2004: 3). By applying a qualitative comparative research design, this thesis seeks to analyse and explain how the EC as a multilateral donor with a regional constituency, balances its aid policy between the conflicting issues of political interests and striving towards behaving in a manner of solidarity. Hence, this thesis thus seeks to contribute to the existing literature by analysing the aid allocation of the EC, evaluating how well the goals set in the development policy are followed, and how historical events may have influenced the direction of aid.

1.4 LIMITATIONS

George and Bennett (2005: 74) argue that specification of the problem and research objective is an important first step in the research process. As the field of European development politics is very wide and comprehensive, it is necessary to clarify what this thesis does *not* focus on. First of all, this thesis solely considers the multilateral dimension of the EU, that is, aid administered by the EC, hence leaving out the bilateral aid flowing from its Member States. That is because the focus of the thesis is to understand how the EU acts as a multilateral donor, and why it can be said to be different from other multilaterals.

³ For a list over previous research on aid allocation, see Neumayer 2003: 21-29.

Second, the EU has a presence on the global stage, which is manifested in four broad ways: trade policy, development policy, foreign policy and interregional dialogue (Rosamond 2000: 175). However, the aspect of trade will not be analysed. Although trade is a large and important part of the EU's external actions, and the areas of trade and aid sometimes tend to overlap, the topic of trade is somewhat at the sideline of what this thesis searches to analyse. Though both these aspects are important to the understanding of the EU as a global development actor, the inclusion of these aspects would render the thesis too comprehensive.

Third, the thesis does not aim to explain *how* the EC works to fulfil its development policy. It rather seeks to evaluate whether the EC seems to be working towards its goals, based on its actual aid allocations. The EC has a multitude of aid instruments, and it would not be expedient to elaborate on all of these (Degnbol-Martinussen and Engberg-Pedersen 2003). Therefore, specific aid programmes of the EC will be discussed where necessary, but they will not be elaborated at length.

1.5 STRUCTURE OF THE THESIS

Chapter two establishes the theoretical framework by discussing concepts, and presenting theories and previous research on donor motives. The theories are based on three categories of donor motives, namely *donor interests*, *recipient needs* and *recipient merits*, with a fourth category, *possibilities for influence*, which aims at explaining who decides the directions of allocations.

In *chapter three* I present the method and data material used in this thesis, especially focusing on the case study and the choice of case. I also justify the choice of method and discuss the methodological trade offs. Furthermore, this chapter presents the data material used in this thesis, and operationalises the dimensions for analysis.

Chapter four gives a description of the history of aid and the background of the European Economic Community and the European Union. It is necessary to get a thorough overview of how aid policy has evolved, as both international and internal historical events has influenced and sometimes changed the trail of thought of the donors, and thus the direction of aid. A

description of the history of development aid and the historical background of the EU in particular is therefore a necessary first step in understanding the EC's donor behaviour.

Chapter five gives an analytical description of how the European Commission, the institution of the European Union which is responsible for the allocation of aid, is composed, and whether the composition opens for Member State influence. This chapter also presents the development policy of the EU, as stated in its treaties, and internal and international agreements. It further discusses how the stated goals and objectives for development policy are obtainable and measurable.

Chapter six presents the analysis in light of the dimensions presented in chapter three. Moreover, it discusses the findings, and how the aid allocation of the EC corresponds with the goals of the EU.

Chapter seven concludes the thesis and summarises the findings. Finally, some suggestions for further research are given, and implications for the future for EU aid are discussed.

2. THEORETICAL FRAMEWORK: IDEALS OR INTERESTS?

This chapter presents the theoretical framework for the motives of aid allocation. First, the central theoretical concepts of the thesis, specifically aid, multilateral and bilateral donors, will be defined. Thereafter, the existing theoretical framework on donor behaviour will be explained and elaborated upon. These theories can be divided into three categories of donor motives: recipient needs, donor strategic and recipient merits, along with the category possibilities for influence, which explains who might influence the directions of aid. Furthermore, the normative perceptions of donors and how research has displayed differences in donor behaviour is discussed. Finally, critique to previous research will also be given a brief presentation.

2.1 CONCEPT CLARIFICATION

2.1.1 *What is aid?*

“Aid” is a concept widely used in politics, the media and the like. But what does aid really entail? In order to clarify the focus of this thesis, it is important to explain what is meant by the concept of “aid”, and what type of aid I will be concentrating on in my research. Not all types of monetary disbursements are counted as aid. Aid is, by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), referred to as *Official Development Assistance* (hereinafter referred to as ODA or *aid*). According to the OECD (2009a), aid is:

Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (“bilateral ODA”) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions. Lending by export credit agencies—with the pure purpose of export promotion—is excluded.

Following this definition of aid, the subject of analysis is thus the amount of ODA flowing from the European Commission (EC) to a recipient country, leaving out aid flows that do not

qualify as ODA⁴. However, this thesis will also include the analysis of Official Aid (OA), which are flows that meet conditions of eligibility for inclusion in ODA, other than the fact that the recipients are Part II of the DAC list of aid recipients (OECD 2010a). OA is assistance primarily going to Eastern European and Central Asian countries in transition (Neumayer 2003: 41). Including OA in the analysis is necessary in order to get the full picture of EC aid allocation, especially because of the relationship the EU has had and still has with the democratic transitional countries in Eastern Europe.

As this thesis analyses the allocation of aid over time, one must note that the definition of ODA has changed in two major respects since its inception. First of all, the activities to be considered as promoting economic development and welfare has changed since the definition of ODA was adopted in 1969 (IDA 2007: 32). It then allowed distinguishing development assistance from other flows without development objectives. The list of activities to be considered as promoting development and welfare has been widened substantially over time. *Inter alia*, cost of refugees in donor countries, costs of students from developing countries, internally paid interest subsidies, promotion of development awareness, and the recording of debt forgiveness on military debt along with other non-ODA debt were all added to the list of activities (IDA 2007: 33). Secondly, the DAC list of aid recipients has also been subject to changes (IDA 2007: 32). Until 2005, the list of ODA recipient countries only accounted for countries in the “part I” group of aid recipients, hence leaving out the “part II” countries.

Table 2.1: Illustration of Part I and Part II countries⁵

	Part I countries	Part II countries*
Type of aid	Official Development Aid (ODA)	Official Aid (OA)
Type of countries	“Traditional” developing countries	More advanced developing countries /Transition countries
Included in aid research	Always	Sometimes
Included in this analysis	Yes	Yes

Source: Based on OECD

*The Part II list of recipient countries was abolished in 2005.

⁴ Aid flows that do not qualify as ODA are Other Official Flows and Private Flows.

⁵ It would have been interesting to include how many countries are listed as part I and part II countries, but as countries have been moved from one list to another, and even taken out of the lists, this is unfortunately not expedient. However, the better part of aid eligible countries are in the Part I list.

As illustrated in Table 2.1, the part I countries were “traditional” developing countries, which therefore were eligible to receive ODA. Table 2.1 also shows that the part II countries were “more advanced” developing countries, often Eastern European, whose aid was recorded separately as *Official Aid* (OA) (OECD 2009b). The DAC list of aid recipient countries has been reviewed every three years, so that only countries below the World Bank High Income Country threshold were included in the list of part I countries (OECD 2009b)⁶. However, since 2005, the DAC committee converted to using one single list of ODA recipients, abolishing the part II list. This was done because the part II countries became more prosperous, several of them joined the EU, and hence the aid flows to part II countries declined (OECD 2009b).

The difference between these groups is important to note, considering that previous research on aid allocation has been based on this distinction between “part I” and “part II” countries. In some research, OA has been included, whilst in other it has been left out⁷. This leads to an inconsistency of previous research. Countries previously categorised as “part II” are now part of the total list of ODA recipients, and thus, newer research results may vary from research done before 2005. By studying aid to all recipients within both of the lists, one will get a more complete and realistic picture of how aid is allocated. For the case of the EU, the divide between “part I” and “part II” countries will conceal part of the picture on how money is allocated, as the part II countries mainly consisted of EU neighbouring countries.

2.1.2 Categorising donors

There exists a large variety of donors, who all have different donor behaviours based on their different objectives and motives. The traditional division of donors has been between *bilateral* donors and *multilateral* donors. *Bilateral* donors are countries who give aid directly to another country. *Multilateral* donors are composed by member countries, which distribute aid among several recipient countries. These multilateral donors include development banks such as the World Bank, the United Nations agencies, and regional groupings such as the EU and Arab agencies (UNESCO 2009).

⁶ The World Bank High Income Country threshold was per capita annual income around USD 9 000 at the time.

⁷ In Neumayer’s (2003) analysis of bilateral and multilateral aid, OA was included, while in Berthélemy’s (2006) analysis of bilateral and multilateral donors and Olsen’s (2005) article on EU aid OA was excluded.

However, Berthélemy (2006: 77) argues that a four-fold division is more appropriate than the dichotomy of multilateral and bilateral donors. He bases his four categories on the donors' composition, claiming that aid allocation may vary to a large extent from one donor group to another. The four categories are 1) *bilateral donors*, 2) *multilateral donors with regional constituencies* (such as the EC), 3) *multilateral donors with regional clients* (regional development banks) and 4) *truly multilateral donors*.

By using the four-fold division of Berthélemy, it becomes easier to explain how the EC stands out from the “typical” multilateral organisations such as the World Bank and the United Nations. They are similar in some aspects as they are all composed by member states and are responsible for allocating their member states aid. Along with the World Bank and the United Nations, the EC is one of the world's largest multilateral donors (IDA 2007: 4). Still, the fact that the EC is regionally based entails that it has security concerns, commercial interests, as well as a colonial heritage to consider. In this respect, the EC has features which are more typical to bilateral donors than to multilaterals.

2.2 THEORISING DONOR MOTIVES

The study of aid allocation searches to find which factors influence the donors in deciding why and to whom aid should be distributed. The relationship between donors and recipients is more complex than it may seem. Grilli and Reiss (1992: 471) argue that the geographical distribution of aid by industrial countries has complex roots, which are due to the multidimensional political economy that lies behind them. There are many factors that may influence the allocation of aid, such as the historical relationship between the donor and the recipient country, the donors need for raw materials, the needs for import or export markets, the poverty of the recipient country, and good policies and institutional stability of the recipient country. Within this field of research there has also been a focus on the difference in the distribution of aid from bilateral and multilateral donors, and how these donors seem to have different motives for allocating aid. A bilateral or multilateral donor can follow the goals set for aid allocation, which normally include recipient needs or recipient merits, or base their allocation on strategic interests. Below, Table 2.2 shows the theoretical categories for aid allocation motives that will be elaborated in this chapter, and that also will lay the basis for the dimensions used in the analysis.

Table 2.2: Comparison of theoretical categories

	Recipient needs	Donor-interests	Recipient merits	Possibilities for influence
Category topics	Poverty	Commercial and geo-political interests	Good governance	Interests of major shareholders, aggregate of Member State interests
Explanatory variables	GDP per capita, child mortality, life expectancy	Imports, exports, historical ties, security issues	Rule of law, democracy, stable institutions, respect for human rights	Commercial or political interests of member states or aggregate of member states interests
What influences direction of aid	Organisation's goals	Organisation's common interests/ Member States interests	Organisation's goals	Organisation's common interests/ Member States interests

2.2.1 The original two: Recipient-need and the donor-strategic models

In their seminal work “A Foreign Policy model of U.S Bilateral Aid Allocation”, McKinlay and Little (1977) separated the goals of aid allocation into two alternative categories, the recipient-need based category and the donor-strategic category, which respectively have also been referred to as the idealist paradigm and the realist paradigm (Schraeder et al. 1998: 298). This distinction between two main aims of why and to whom donors allocate aid has since been much used to analyse aid allocation of both bilateral and multilateral donors. The first category, recipient-needs, is based on an altruistic view of the donor, where the donor gives aid based on the humanitarian needs of the recipient country. Humanitarian needs can be difficult to define and conceptualise, but generally they involve a measure of poverty in the recipient country, either per capita GDP or non economic measures such as child mortality, life expectancy and/or literacy⁸. The second category, donor-strategic, is based on the donor giving aid according to their own foreign policy interests and hence emphasises the instrumental utility of aid (McKinlay and Little 1977: 407). These interests can include security issues, the need for an export market or specific imports from the recipient country, the historical relationship between the donor and the recipient country, and power-political interests.

⁸ An example of how this has been measured is the Physical Quality of Life Index (PQLI).

Maizels and Nissanke (1984) used the recipient-needs and donor-strategic categories to test whether there was a difference in the allocation of bilateral and multilateral donors. They found that bilateral donors tend to give aid according to the donor-strategic categories, whereas multilateral donors primarily focus on recipient-needs in their aid allocation. They also argue that aid allocation based on either recipient-needs or donor-strategies may have effects that complement the other category, though this is unintended. Maizels and Nissanke (1984: 437) state this through saying that

Aid given with national interests taken into account (maintaining spheres of influence, political or military alliances or promoting their own export trade), may be used to accelerate the development process, but from the point of view of motivation this is an incidental effect. By contrast, aid given primarily for humanitarian or altruistic reasons, may – or may not – contribute to the foreign policy objectives of the donor, but this again would be an incidental effect.

This shows that aid allocation based on donor interest or recipient needs may have effects that are not taken into consideration in the decision-making processes of the donor. However, these effects should not be taken into account when determining the donor motives, as they are indeed incidental. Still, this can render the process of understanding donor motives more complicated.

Initially, the categories were tested in separate models. Measuring donor motives based on two models has been subject to criticism, as the motives of most donors arguably include both recipient-merit and donor-strategic interests (Neumayer 2003: 6). Grilli and Reiss (1992: 472) also argue that the models of “recipient-need” and “donor-interest” have shown rather modest results, because they are considered as competing and alternatives explanations. Their overall explanatory power has generally been limited and the statistical significance of some of their key variables has often turned out to be quite weak, not allowing clear-cut validation of hypothesis about the importance of the various determinants of aid distribution by country (Grilli and Reiss 1992: 472). Combining the variables in one model will therefore give more concise result. Therefore, these models have been elaborated, but the creation of these two basic models still stand as an important contribution to the literature of aid allocation.

2.2.2 The continuation of the basic models: recipient merits

The seminal work of McKinlay and Little (1977) still holds its grounds, as most scholars still use the “recipient-needs” and “donor-strategic” categories when they analyse donors’ motives for aid allocation. However, there are new perspectives on why donors allocate their aid. The traditional models have therefore been elaborated as new aspects and categories of donor motives such as “recipient merits” and “influential shareholders” have become important to include in the analysis.

The concept of “recipient merits” denotes a category which includes measures for how well the recipient country performs in governance and the like. This category is therefore also often referred to as “good governance”. The concept of recipient merits stems to a great extent from the quite influential work of the World Bank researchers Burnside and Dollar (2000). They found that the effectiveness of aid on economic growth is determined by the level of good policies and stable institutions of the recipient countries. Their work has had an actual affect on the aid allocation of multilateral aid donors, as donors themselves now claim that developmental criteria is given higher priority in aid allocation (Neumayer 2003: 6). It has thus become common for scholars to include variables for the category “recipient merits” to measure how great a role “recipient merits” play in the allocation of aid for different donors. However, this category can be difficult to measure, as “good governance” criteria are difficult to define (Berthélemy 2006: 78). Neumayer (2003: 1) argues that “good governance” can include variables such as democracy, respect for human rights, non-excessive military-expenditures and the general quality of public sector management.

Just like Berthélemy (2006), Ram (2003) discusses three aspects which may differ among bilateral and multilateral donors. These are donor motives, aid conditionality and closeness of the relationship between the donors and the recipients (Ram 2003: 96). Ram has thus left out the aspect of “recipient-need” and chosen to focus on the donor-recipient relationship. Ram argues that most bilateral donors choose not to focus on aid conditionality when allocating aid (Ram 2003: 97). Ram also argues that on the basis of the donor’s motives, the nature of the relationship between the donor and the recipient is likely to be different between multilateral and bilateral donors (Ram 2003: 98).

2.2.3 Possibilities for influence

Another important continuation of the basic models is the inclusion of new variables to explain the category of decision-making strategies of multilateral donors. These variables are referred to as the *influence of major shareholders* and *aggregate of member states' interests*. Measuring donor interests for multilateral donors must naturally differ from bilateral donors, as most multilateral donors are not geographically located or has commercial interests. However, this does not necessarily entail that the multilateral donors are autonomous or altruistic. Because multilateral donors are usually governed by their member states, Berthélemy (2006: 77) argues that they are far from independent actors, as their decisions are in the end made collectively by the governments that constitute their membership. Thus, the countries which are *major shareholders* in the multilateral organisations might influence the decision-making process of which countries should receive aid. The influence of major shareholders has been measured by variables such as commercial interests of the member states with the most votes. Still, the influence of each country is not always equal, as some member states have more votes than others. This argument assumes that the motives of aid allocation for the multilateral donors may be, to a smaller or greater extent, influenced by the preferences of one or several of their member states. Berthélemy argues that various attempts at testing the influence of multilateral agencies have shown that multilateral aid allocation is significantly correlated with United States commercial interests (Berthélemy, 2006: 99). For the case of the World Bank, where the votes are not distributed proportionally, Fleck and Kilby (2005) find that US commercial interests significantly influence financial flows by the World Bank to developing countries. For the EC, Berthélemy found that its aid allocation is significantly and positively correlated with British commercial interest (Berthélemy 2006: 97).

The fact that the votes *are* distributed equally among the Member States in the EC, has lead to a variation of this theory, and Schneider and Tobin (2009) go a step further in trying to explain what determines the allocation of aid, by presenting their theory on *aggregate of member states' interest*. As Berthélemy, they argue that the interests of the member states influence the decision-making of multilateral donors and that the patterns of aid allocations are strongly influenced by the political decision-making process within multilateral aid institutions (Schneider and Tobin 2009: 7). According to Schneider and Tobin (2009: 2), multilateral aid institutions not dominated by a single actor, such as the EU, should be more likely to distribute aid according to recipient needs. That implies that it is not the influence of one major shareholder that will decide the aid allocation, but the aggregate of interests of

several of the member states. Schneider and Tobin's (2009) theory claims that the beneficiaries of aid from multilateral donors depend on the member states' interests: whether the interests are heterogeneous or homogeneous. If the interests of the member states are heterogeneous, the poorest and neediest countries will receive the aid, because, if there are no aggregates of interests among the member states the donors tend to follow their stated goals for aid allocation. In contrast, if the interests of the member states are homogeneous, their interests will converge, and then aid will be given to countries that are strategically important to the politics and economy of the donor countries. Hence, their theory is related to the assumptions of Ram (2003) who believes that strategic considerations and self-interest is important for bilateral donors, because a multilateral donor with homogeneous interest will resemble a bilateral donor.

This is confirmed by the statements of Schneider and Tobin (2009: 4), who argue that governments want their aid to go to countries that are strategically important, and consequently, the geographical distribution of bilateral foreign aid in most countries accords with national political, military and commercial interests. They believe that because of the strategic interests of bilateral donors, multilateral aid is more likely to benefit the neediest countries:

A multilateral aid agency's aim is to implement the development goals established by its member states and, accordingly, the multilateral agency should distribute aid based on economic needs rather than strategic interests (Schneider and Tobin 2009: 5).

According to Schneider and Tobin's (2009: 12) theory on multilateral aid allocation, the multilateral aid agent has an interest in implementing the official goal of the organisation, as long as the member countries have heterogeneous interests. Hence, EU multilateral aid should display strategic characteristics when there is homogeneous coalitions among Member States and when the EC cannot insulate itself from these homogeneous interests. Schneider and Tobin (2009: 12) test their theory of *aggregate of member states' interests* on the EU as a multilateral donor, to if its Member States interests influence the decision-making process. They test whether homogeneous interests have influenced the aid allocation before and after the Cold War. This is due to their hypothesis that the EU Member States during the Cold War had heterogeneous interests and would thus be giving most of its aid to the poorest and

neediest countries in the ACP group⁹. After the iron curtain fell however, and the Eastern European countries became strategically important to the EU in both an economic and a political sense, the interests of the EU Member States converted to be more homogeneous. Hence, aid from the EU then fell for the poorest countries, and aid to the Eastern European countries rose (Schneider and Tobin 2009: 4). Their empirical work supports this hypothesis.

Schneider and Tobin are not the only ones who assume that the Cold War has influenced the policy of aid allocation. McGillivray (2003) is among those who argue that the Cold War led to changes in aid allocation. However, he believes that the end of the Cold War has led to an increasing amount of aid to the neediest countries. He argues that aid has been transferred *from* strategic goals, because aid allocation was earlier based on ideological aspects such as assisting those who opposed the USSR, to the neediest countries (McGillivray 2003: 5). These arguments lead us to assume that the Cold War has had effects on the policy of aid allocation, but that it has influenced various donors in different ways.

2.2.4 Theorising EU aid allocation

There are relatively few theoretical contributions that aim at explaining the European Community's policies toward the Third World (Olsen 2005: 577). The attempts made are primarily based on explaining which *actors* within the EU determine the aid allocation, rather than which *factors* that are important. One way of explaining the actors involved is through the theory of "Liberal intergovernmentalism" by Moravcsik, which can be presented as a two-step sequential model of preference formation. In the first step, national leaders aggregate the interest of their domestic constituencies and articulate national preferences regarding European development policies. In the second step, national governments bring their preferences to the intergovernmental bargaining table in Brussels where different agreements reflect the interests and the relative power of each Member State. In this latter step, supranational organisations such as the EC may exercise limited or a great deal of influence depending on the specific policy field (Olsen 2005: 578-579).

Based on this theory, Olsen argues that the EU's development policy can be explained by general European (national) interests, on one hand, and more narrow elite-based interests

⁹ The term 'poorest and neediest countries' refers to the countries with the lowest GDP per capita, or which score the lowest on the PQLI index.

expressed in the bureaucratic policy-making on the other hand (Olsen 2005: 578). While the European interests explain the general policy and its changes, the minor and more specific parts of the policy and its changes can be explained by bureaucratic policy-making, which will reflect the interests of the narrow elites involved in the development policy (Olsen 2005: 578).

2.3 NORMATIVE PERCEPTIONS OF DONOR MOTIVES

The categories for aid allocation motivations that are described also imply, implicitly or explicitly, some normative perceptions of what are “correct incentives” for aid allocation. Although the theoretical motives are divided into several categories, the normative approach is characterised by a two-fold perception of donor motives, namely *altruism* versus *self-interest*. Donors who allocate aid primarily based on “recipient needs” are often described as *altruistic*. Stokke calls the altruistic donor behaviour “humane internationalism” (Stokke 1996 in Siraj 2009). One is driven to perceive, however much implicitly, that the opposite motives for aid allocation, especially “donor interests”, therefore are decided by *self-interest*. Siraj (2009: 10) describes this as the “two extremes of aid”, where the first-mentioned is a “moral case, the obligation of the rich to help the poor in such ways as are open to them” and the latter being “bridgeheads for Northern exploitations”. Such a divide is somewhat extreme, and a donor basing its aid allocation on solely one of these is rather unlikely. Siraj (2009: 10) further argues that “A donor country providing aid in a variety of developing countries across the globe cannot be driven by a single motive unless there is some benevolence”.

This divide is transferred to the dichotomy of bilateral and multilateral donors. Most authors find that the determinants of bilateral and multilateral aid are quite different and one cannot explain the two together (Alesina and Dollar 2000: 35). The perception is that multilateral donors are more *altruistic* in their aid allocation than the bilateral donors, meaning that their aid allocation is first and foremost based on giving aid to the countries that need it the most. In general, previous research has shown that donor-strategic motives are usually typical for bilateral donors, while recipient needs are more typically the motive of multilateral donors (Berthélemy 2006: 78). For bilateral donors, self-interest motives have the most influence, and within this category, commercial interests predominates geopolitical motives (Berthélemy 2006: 99). Berthélemy (2006: 88) argues that “this suggests that bilateral aid motives are, to a large extent, egoistic rather than altruistic”.

The multilateral donors however, are generally considered less hegemonic than bilateral donors (White, 1974 and Lister, 1997 in Siraj 2009: 7). Schneider and Tobin (2009: 6) argue that the empirical literature even claims that multilateral aid is more effective in reducing poverty than bilateral aid, because their conditionality carries more weight in the developing country's policy-making. This is in line with Berthélemy's (2006: 78) argument that multilaterals, especially the World Bank, give higher weight to good governance than bilateral donors, because they are more detached from vested interests that might influence the decisions of bilateral donors. However, there are some exceptions to this dichotomy of normative donor behaviour and the categories of altruism and self-interest are by no means exclusive¹⁰. In fact, research has shown that the combination of recipient needs and donor interests to quite an extent explains donor behaviour and the mix of donor interests and altruism in a donors aid allocations may vary from one set of circumstances to another, as well as over time (Selbervik 2003: 35). Multilateral donors also represent quite differing donor behaviours, which Berthélemy argues would justify studying them individually (Berthélemy 2006: 77). According to Siraj, the EU has a multilateral dimension when the aid is channelled through the EC. The fact that the EU provides most of its aid in grant-form also adds to the perceived benevolence (Siraj 2009: 7)¹¹.

2.3.1 Critique to previous research

Research on aid allocation motives has shown differing results. Much of this is due to the issues of research being based on aggregates of aid, the already discussed problems of separation between "part I" and "part II" countries, different (statistical) methods, and to an inconsistency in choice of variables. The research based on aggregates of donor categories is meant to present a generalisation of the typical behaviours of multilateral and bilateral donors. But, as Berthélemy (2006) showed with the EC, there are great differences between the individual donors. These aggregates thus only show a general picture of a group's donor behaviour, while important characteristics of the individual donor are camouflaged. Therefore it is necessary to analyse individual donors separately, to reveal these differences and explain the different donors' behaviours based on their history with developing countries. Also, the presented categories can include a range of variables. The choice of variables has differed in

¹⁰ According to Neumayer (2003) the Nordic countries tend to allocate aid based on recipient needs.

¹¹ Grants are transfers made in cash, goods or services, for which no repayment is required (OECD 2010b).

previous research, along with differences in conceptualisations of these variables. Results will vary according to which variables are chosen.

According to the traditional models on motivations for aid distribution, one would expect multilateral EC aid to follow a pattern in which the needs of recipient countries assume a larger relative weight than in the case of bilateral aid, with the help of which specific donor interests can be more easily and effectively pursued (Grilli and Reiss 1992: 471). This assumption makes the previous findings that EC aid corresponds relatively little neither to the needs nor the merits of the recipient quite striking. Berthélemy argues that the major influence in EC aid allocation is geopolitical, as it reflects the preferential treatment towards the ACP countries (Berthélemy 2006: 107).

2.4 CHAPTER SUMMARY

This chapter has clarified the concept of aid, and explained the need for including both Official Development Assistance and Official Aid in the analysis. Furthermore, the theoretical framework for analysing which factors determines the aid allocation of the EC has been presented. There are three main categories of donor motives, namely recipient needs, donor interests and recipient merits. A fourth category seeks to explain whose interests influence the decision-making, and hence the direction of aid allocations. Moreover, theory states that multilateral donors are more likely to allocate aid based on their goals, because they are supposed to be independent of member state interests. Multilaterals are therefore perceived to be more altruistic than their bilateral counterpart. Previous research has shown that these motives are weighted differently by the various donors, and that the aid allocation of the EC has tended towards being primarily influenced by donor interests. The method and data material used to investigate which theoretical categories determine aid allocation will be elaborated in the next chapter.

3. RESEARCH DESIGN

This thesis searches to analyse the European Union as a multilateral donor over time, in order to see which motives have influenced the allocations of the European Commission in different time periods. By comparing the development policies with the actual allocations of aid, one will see whether the EU actually follows its goals stated in treaties and agreements, or if strategic interests seem more important than obtaining the goals. This chapter presents the method of analysis and the data material used in this thesis. It commences by discussing the case study and justifying the choice of case. Furthermore it also discusses the research goal and the time aspect of the thesis. It then moves on to presenting the data, as well as discussing the issues of validity and reliability. Lastly, the dependent variable and the dimensions used in the analysis are presented and operationalised.

3.1 DESIGN - QUALITATIVE CASE STUDY

This thesis is a case study with a comparative approach. The analysis builds primarily on qualitative information from a variety of sources, but it will also include statistical data from the OECD which describes the direction of aid flows. According to Lumsdaine (1993: 134), whatever ends the donor has in mind, it should show up in where they spent the aid. Therefore, it is necessary to evaluate which groups of income, which region and which sectors received the largest portion of ODA. Pennings et al. (2006: 20) argue that a single case study can only be implicitly comparative, but not in terms of external validity. The comparative approach of this thesis lies in the examination of which groups of countries and which sectors that are prioritised in the European Commission's aid allocation process, and what decides why these groups have been prioritised at a given time.

3.1.1 The case study

This thesis is an in-depth case study of the EU as a multilateral donor, as expressed through the aid allocations of the EC. As explained in the introduction, the case includes only multilateral ODA and OA flowing from the EC, thus leaving out all bilateral aid from the Member States of the EU. According to Ragin (2004: 125), case oriented researchers see cases as meaningful but complex configurations of events and structures. The historical and

political background of the EU is exactly that: complex. In order to study how such intricate contextual factors influence the aid allocation of the EC, the case study is an appropriate tool.

A case study, according to Yin (2003: 37), searches to investigate a contemporary phenomenon within its real life context, where the boundaries between phenomenon and context are not clearly evident. This case fulfils these criteria as the relationship between aid allocation and its determinants are neither given nor evident. Moreover, Gerring (2007) argues that a case study typically focuses on within-case variation, which for this analysis is the changing aid flows of the EC over time in light of possible determinants for these changes, and how these can be viewed in a theoretical perspective. While the EU as a multilateral donor is the case of the thesis, the units of analysis are the different groupings which receive aid from the EC.

Skocpol (2003: 416) argues that “In-depth case explorations, (...) should not be considered a mere second best way to establish simple correlations among generally framed ‘dependent’ and ‘independent’ variables”. Furthermore, Skocpol argues that “Comparative historical analysis is a much more effective way to develop theoretically general and empirically rich causal knowledge than large-N studies that rely on unrealistic assumptions about the ‘homogeneity of the territory’” (Skocpol 2003: 415). The case of the EU being as complex as it is, considering historical events, the goals and objectives for development policy will give a more empirically rich knowledge about the case than would a statistical analysis.

Also, a case study allows detailed investigations and theoretically defined comparisons that enables the researcher to go beyond establishing simple correlations. Skocpol (2003: 416) argues that a case study approach is often better suited to available data than statistical methods that in practise make unrealistic demands on available sources of evidence. Therefore, a case study of the EU as a multilateral donor will facilitate a thorough investigation of the EC’s donor behaviour. However, the detailed explanations which are obtained in a case study involves trade-offs with the goals of theoretical parsimony (George and Bennett 2005: 31). Gerring (2004: 342) argues that a case study is an intensive study of a single unit for the purpose of understanding a larger class of (similar) units. Though not directly transferable to other donors, the knowledge attained from studying the EU as a multilateral donor might tell us something about the conflicting interests that other regionally based multilateral donors might face. However, the external validity of case studies are poorer

than for cross-case studies, as a single case study entails a lack of representativeness (Gerring 2007: 31, 101). Instead of a limitation, this should be considered as a trade-off with statistical research, as choosing a qualitative approach with one single case will give empirically rich knowledge about the determinants for aid allocation of the EC. Furthermore, as discussed in chapter two, the research on aid allocation by studying aggregates of donors hides large variations among these. It is necessary to uncover the variations in the behaviour between donors, and avoid placing them in theoretically simplified groups. Therefore, this thesis seeks to display important differences between the EC and other multilateral donors.

3.1.2 The case of the European Union as a multilateral donor

Ragin (2004: 127) argues that social scientists study the cases they do because they in some way are historically, politically or culturally significant. Considering the EU's increasingly important role both within Europe and on the international arena, the case undeniably fulfils these criteria. Furthermore, George and Bennett (2005: 83) argue that one should choose a case which is relevant to reaching the objectives of your study. Based upon these guidelines for case selection, there are several reasons for choosing the case of the EC in order to study the determinants for aid allocation.

First of all, the case is chosen because of the EC's status as one of the largest multilateral donors in the world today, accounting for about 40 percent of all multilateral flows (Berthélemy 2006: 77). The EC being a major multilateral donor entails that it distributes enormous amounts of money, which also brings great responsibility. Previous research (Grilli and Reiss 1992; Neumayer 2003; Berthélemy 2006) have shown that the EC tends to allocate aid more according to their own strategic interests than the needs of the recipient.

Second, the EC is an interesting case because it differs from other large multilateral donors such as the World Bank and the United Nations (UN), in several respects, and because of its rather specific pattern of aid allocation, which does not resemble the typical multilateral donors. Based on the categories of Berthélemy's (2006) donor types, the World Bank and the UN are categorised as *truly multilateral donors*, while the EC is categorised as *a multilateral donor with a regional constituency*. This entails that the donor has overarching, altruistic goals to follow, and that it is supposed to allocate aid according to these goals. At the same time it has interests similar to that of a bilateral donor, such as security interests, commercial

interests and ties to former colonies. This makes it necessary to evaluate whether the stated goals or its own self-interest takes precedence when aid is allocated. Just like the World Bank and the UN, the EU was also created in the aftermath of the Second World War, when the international climate was beneficial for cooperation and several new organisations were formed. However, the intention of its creation was not that of being an aid donor, and today it still has many tasks and responsibilities apart from the donor role.

Third, the EU is an actor which has an increasing influence on the global arena. Development policy is an arena where rich and powerful organisations such as the EU have the possibility to influence developing countries, especially in terms of aid conditionality. Its position also enables it to take the role as a leading selfless and fraternal donor, and stand out as a good example. Also, development politics is an arena where the EU can play out its power politics.

Lastly, the EC is a multilateral donor based on state membership, which is supposed to be independent from member state influence. As Schneider and Tobin argue (2009), multilateral donors are more likely to allocate aid according to their stated goals, and hence recipient needs, exactly because they are independent from state interests. Thus, it is necessary to investigate whether the Member States of the EU influence the aid allocation, or whether common EU interests or the stated goals determine the direction of aid.

3.1.3 Understanding donor behaviour

This thesis, in line with a growing literature on aid allocation, searches to find the reasons why a donor behaves in a certain manner, be it altruistic or acting from strategic interests. The goals of case-orientated investigations are often both historically interpretive and causally analytic (Ragin 1987: 35). However, causal complexity is not easily unravelled (Ragin 1987: 26). The goal of this thesis is to understand the donor-behaviour of the EC by analysing the historical and political determinants and potential causes for changes in aid allocation. This is in line with the understanding that the goal of research should always be inference, and preferably causal inference. King, Keohane and Verba (1994: 75) argue that descriptive inference alone is often unsatisfying and incomplete. Much of the qualitative research done on the EU aid and its relationship with developing countries has been descriptive in nature. This analysis adopts a qualitative case approach, but searches to go beyond simple description. Research is meant to be explanatory, that is, making it possible to draw logical conclusions,

and explaining coherences. However, as King et al.(1994: 34) argue, the relationship between description and explanation is interactive, and one cannot construct meaningful causal explanations without good description. Therefore, in order to get a complete picture of the EU as a multilateral donor and the causal relationships, a thorough description of the EU's history, development policy and goals, and the composition of the EC are necessary. One of the critiques against statistical analysis is also the difficulty of identifying causal mechanisms, whereas case studies have a better capacity for addressing causal complexity (Gerring 2007; George and Bennett 2005). In this case, the insight into the causal mechanisms which influence the motivation for aid allocation will be more valuable by applying a qualitative method.

Qualitative research tends to be historically interpretive (Ragin 1987: 3). Usually, the combined effect of various conditions and their intersection in time and space, produces a certain outcome (Ragin 1987: 27). The aspect of history will be given much weight in the analysis of the EC's aid allocations, as it is likely that changes both within the EU, along with international events might have influenced aid allocation. Skocpol (2003: 416) argues that comparative historical analysts "never assumes an identity of equivalence or representativeness of specific cases; instead the extent of similarity or difference between cases is considered a crucial part of the investigation". The role of the EU as a unique donor has already been elaborated upon. Furthermore, the EU is also an increasingly important actor on the world stage. These factors make the study of the EC's behaviour necessary in order to understand how its aid allocation affects the perception of the EU as a global actor.

3.1.4 The time aspect

The motives for providing development assistance change over time (Stokke 2005: 33). Including a time aspect in the analysis is therefore necessary as many events, both internationally and internally in the EU, as well as policy changes might have influenced the direction of aid throughout the history of the EU. Pierson (2003: 179) stresses the importance of the time aspect by stating that

(...) the causal processes claimed to generate outcomes of interest may of may not unfold over a short period. The outcomes themselves are equally subject to variation, with some transpiring over a very short time while others themselves out completely over a very extended period.

This entails that changes in the actual aid disbursements might not be visible immediately after a historical event or a policy change. Studying the EC's aid allocation over time creates a more complete picture of a donor's aid allocation policy, as it allows the researcher to observe changes over time. A natural starting point will therefore be the Treaty of Rome in 1957, when the first initiative for European Community development assistance was taken. Evaluating the EC's aid allocation over time allows us to view the changes within the EU and how this has affected the development policy. Considering that the European Community began as an economic cooperation between six countries, one cannot expect this cooperation to be leading within the area of development policy. As the size of the EU along with its ambitions on the world stage has grown, aid from the EC has increased, the development policy has become more ambitious, and more developing countries have been included.

The data presented shows the ODA and OA allocations of the EU over time. Historically, there are some time points which can be regarded as possible decisive events. Potential events which might have influenced aid allocation are the enlargements of the European Community and later the EU, with the inclusions of Great Britain, Ireland and Denmark in 1973, Greece in 1981, Spain and Portugal in 1986, Sweden, Finland and Austria in 1994, the inclusion of ten new member states in 2004 and lastly Romania and Bulgaria in 2007¹². The economic situations of the countries which have been included in the EU have varied, as have their spheres of interest. The enlargements in 1973 were relatively rich countries, as opposed to the inclusions of Greece, Spain and Portugal. These countries were themselves in need of assistance, as they were relatively poor, as well as new democracies. The enlargement in 1995 brought an additional three relatively rich countries, while the last two enlargements of 2004 and 2007 consisted of many newly independent and poor countries. The inclusion of relatively poor countries brings possible implications for the aid allocation of the EC, both before and after the inclusions, as the need for assistance to the new Member States and Member State candidates would be considerable. As we will see in chapter four, the enlargements of the EU have also led to changes in the development policies along with prioritised countries and regions. The inclusion of Great Britain to the European Community led the development policy to expand to the Commonwealth, while the inclusion of Spain and Portugal entailed a greater focus on Latin America. The fall of the Berlin Wall in 1989 as well as the international economic crises due to the oil crises of the 1970s and the 1980s also

¹² The ten new member states of 2004 were Cyprus, The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia.

represents such possible decisive events, as these affected the international environment and economy.

3.1.5 Complementing statistical research

There will always be a trade-off regarding which research method is chosen, as the different methods have different qualities. However, it is important to note that when different methods are used on the same area of research, the studies will complement each other. Hence, by applying different research methods to the same field of research, one sheds light on different aspects of the topic. It is important with non-statistical thinking and research activity in all research domains, even those dominated by classical statistical data analysis (McKeown 1999: 162). Considering that there is done a fair amount of quantitative research on this field, the qualitative method applied in this thesis will enrich the research field as the case of the EU as a multilateral donor is examined more in-depth. As previously mentioned, much of the existing qualitative research done has to a great extent been descriptive. Furthermore, previous research has to a great extent been based on the study of multilateral organisations in aggregated measures, with less focus on individual donors¹³. Studying the aggregate of multilateral donors will hide variations between the donors, but also variations within the single cases. Therefore, this thesis will look at the EU as a case which differs from the group of “multilaterals”.

One of the advantages of case methods is the potential for achieving high conceptual validity (George and Bennett 2005). Concept validity is more easily preserved in a qualitative research design, as it does not have to operationalise variables in a simplistic way, which Skocpol argues often is necessary in large-N studies (Skocpol 2003: 416). Applying a qualitative design to this thesis allows for conceptual refinements (George and Bennett 2005: 19). This entails a more precise interpretation of what the theoretical categories include for the case of the EC, and hence potential for achieving a higher level of validity, whereas a statistical approach would run the risk of “conceptual stretching” which would enhance the coverage of a concept, while giving it less precision (Sartori 1970: 1035). The concepts might be stretched so far that the variable no longer measures what one thinks one is measuring (Adcock and Collier 2001: 530). This is an advantage for qualitative research, as the

¹³ Such as: Maizels and Nissanke (1984), Berthélemy (2006), and Neumayer (2003).

theoretical concepts can be defined and operationalised precisely, and not simplified in order to match the data available.

By applying a qualitative approach as well as including quantitative measures, and in this manner thoroughly study the aid allocation motives of the EC over time and whether it corresponds with the EU's development goals, this thesis searches to contribute to the literature and research on aid allocation. Though it would be useful for the analysis to apply statistical analyses in addition to the qualitative analysis, this would render the work too extensive and time consuming.

3.2 DATA MATERIAL

Ensuring the quality of data is important in many respects. King, Keohane and Verba (1994: 23-26) present five guidelines on how to ensure and enhance data quality. These are 1) to record and report the process by which the data are generated, 2) in order to better evaluate a theory, to collect data on as many of its observable implications as possible, 3) maximise the validity of our measurements, 4) ensure that the data-collecting methods are reliable and 5) all data and analyses should, insofar possible, be replicable. The data material will be presented along the lines of these guidelines in the following paragraphs.

The first guideline is to record and report the process by which the data are generated: Both quantitative and qualitative data are used in this thesis and there are three types of data sources which lay the basis for analysis. First of all, the analysis builds on existing academic research. There exists a fair amount of research on aid allocation, which makes theories and results from previous research available. Secondly, information on the EU and the EC, its goals, decision-making processes and history, are taken from their web-pages, reports, treaties and agreements. Much information on the donor can be found here. Thirdly, statistical data on aid allocation is drawn from the OECD.Stat database. This database presents data from 1960 until 2008 on aid flows from different multilateral and bilateral donors to the respective recipient countries. As debated in the theory chapter, the OECD has until recently divided ODA recipients into two groups, part I and part II countries. Much of the previous research has solely focused on flows which qualify as ODA, and thus only the part I countries. The OECD.Stat database provides information on aid flows to both part I and part II countries,

which allows me to compare and evaluate a wider range of aid disbursements, and reveal the whole picture of what EC aid allocation consists of.

The database also divides recipient countries into different income and regional groups, which makes it easier to study the aid flows compared to the donor goals and theoretical dimensions. The groupings are displayed in Table 3.1.

Table 3.1: Aid recipient groupings

Regional groupings	Income-groupings	Other groupings
Africa, North of Sahara	Least developed countries (LDC)	African, Caribbean and Pacific (ACP)
Africa, South of Sahara	Other low income countries (OLIC)	Central and Eastern European countries (CEEC)
North and Central America	Low middle income countries (LMIC)	New Independent States (NIS)
South America	Upper middle income countries (UMIC)	
Middle East	More Advanced Developing Countries and Territories (MADCT)	
South and Central Asia		
Far East Asia		
Oceania		

Source: Based on the groupings in OECD.Stat.

As shown in Table 3.1, the income groupings are divided into: 1) Least developed countries, 2) Other low income countries, 3) Low middle income countries, 4) Upper middle income countries and 5) More Advanced Developing Countries and Territories. The regional groupings are divided into 1) Africa, North of Sahara, 2) Africa, South of Sahara, 3) North and Central America, 4) South America, 5) Middle East, 6) South and Central Asia, 7) Far East Asia and 8) Oceania. The database also provides a grouping for the African, Caribbean and Pacific (ACP), the Central and Eastern European countries (CEEC), and the New Independent States (NIS). These groupings are highly relevant in order to evaluate how aid flows from the EU are distributed according to the stated prioritised areas, and whether the directions of the disbursements have varied in different time periods. The aid flows to the different income groupings, regional and sectoral groupings will be presented in tables. The data which will be presented in the analysis use the numbers and groupings presented in the OECD.stat database.

The numbers for aid allocation to regions, income categories and ACP countries will be reported with a time interval of five years. The cooperation with development countries started with the Treaty of Rome in 1957, and the first year documented in the OECD database is 1960. This will therefore be the first reported year. The years of focus will therefore be every five years from 1960 until 2005, also including the last year with available data from the OECD database, 2008, which thus presents the last year of the analysis. For aid allocation to part II countries data is available from 1990-2004, as the part II list of recipients was abolished in 2005. Data for all the years will be presented. They will be presented in categories for Central Eastern and European Countries (CEEC), Newly Independent states (NIS), Most Advanced Developing Countries and Territories (MADCT) and total Official Aid (OA). For aid allocation according to sections, the availability of data is varying. Therefore, they will be presented with five year intervals, from 1985-2008, minus 1990, as there are no data for this year or time period. The fact that data is available for groupings such as regions, income categories, ACP countries, CEECs, NIS and different sectors enables comparison of the aid allocations between the alleged prioritised and non-prioritised groups.

The second guideline is, in order to better evaluate a theory, to collect data on as many of its observable implications as possible. In order to fulfil this criterion, this thesis makes use of both qualitative and quantitative data. The qualitative data I have used are mainly secondary, as I have investigated public documents such as the treaties of the EU¹⁴, The European Consensus on Development and The Millennium Development Goals. I have also made use of information on the web-pages of the EU, OECD, World Bank and the United Nations. Lastly, information from previous research, articles and books have been useful for understanding the EU as a multilateral donor. The quantitative data is the reported numbers on the OECD.Stat database, DAC2a and ODA by Sector (OECD 2010d). By using both qualitative and quantitative data, the data materials complement each other, and enrich the information in the analysis.

The third guideline is to maximize the validity of our measurements. Ensuring validity is a crucial point in the research process. Validity concerns both *concept validity* and *external validity*. The challenges of ensuring external validity, which means that one should be able to generalise the results to other similar cases, has already been discussed. Concept validity

¹⁴ ; The Treaty Establishing the European Economic Community (Treaty of Rome), the Treaty on European Union (Maastricht Treaty), the Amsterdam Treaty, the Nice Treaty and the Treaty of Lisbon.

concerns measuring what you are supposed to measure (Adcock and Collier 2001: 530; King et al. 1994: 25). In this thesis there are many concepts which are necessary to operationalise properly. As the dimensions used in the analysis are drawn from the theoretical concepts, it is essential to ensure that the concepts are the same. Validity is necessary in order to avoid bias in the results, and because good conceptualisation leads to a better formulation of theories (Adcock and Collier 2001: 532). One of the problems with studying ODA over time is the fact that what is included in the definition of ODA has changed. The same accounts for the countries included in the DAC lists of “part I” and “part II” countries. This was not changed until recently and hence previous research has counted some of the aid as “Official Aid” (OA) and by so leaving some countries out of the equation. Furthermore, I will use the theories on donor behaviour as the basis for the dimensions that I will apply in the analysis. Ensuring that these dimensions capture the meaning of the concepts like “recipient-needs”, “donor-interest”, “recipient-merits” and “strategic shareholders” is essential. These dimensions will be elaborated and clarified later in section 3.3.2.

The fourth and fifth guidelines state that one should ensure that the data-collection methods are reliable, and that all data and analyses should, if possible, be replicable. Reliability means that applying the same procedure in the same way will always produce the same measure (King et al. 1994: 25). Hence, one can say that ensuring reliability is to ensure the potential for retesting. Using quantitative data from an acknowledged and respected source such as the OECD will enhance reliability, as will using sources such as original documents on treaties, agreements and such, as these can be found online and therefore are easily available.

3.3 OPERATIONALISING THE VARIABLES

A case is comprised of several dimensions (variables), each of which is built upon an observation or several observations (Gerring 2004: 342). This last section will present the variables or dimensions that are used in the analysis. First the dependent variable is presented and operationalised, before I explain the dimensions and how one can evaluate whether these have influenced the direction of aid flows. I will also discuss potential problems of the concepts.

3.3.1 *Dependent variable – development aid*

The dependent variable is, as noted in the theory chapter, *development aid*. This variable is measured in Official Development Aid (ODA) and Official Aid (OA). The measures are taken from the database OECD.Stat, DAC2a and ODA by sector. This variable is the most obvious choice, as I analyse the motives for development assistance flows to different recipients. The availability of data for this variable is also very good, as ODA-flows from a wide range of donors to different recipients and groups of recipients are documented in the OECD.Stat database from 1960 onwards. OA-flows are available in the same database from the 1990s until 2004¹⁵. This measure has also been used as a dependent variable in earlier research. For example, Berthélemy's (2006) dependent variable was the commitment of aid from the various donors to the different recipients. It is also important to note that the types of aid in OECD.Stat are presented as both commitments and disbursements. This thesis presents the "disbursements" variable from the OECD, because disbursements "record the actual international transfer of financial resources", as opposed to using the "commitments" variable, which captures the obligation a donor has made to donate a certain amount of aid to a recipient country (OECD 2010c, 2004). The aid flows are presented as current US dollars.

3.3.2 *Dimensions for analysis*

Table 3.2: Dimensions drawn from the theoretical categories

Theoretical categories/dimensions for analysis	Explanatory factors of the dimensions
Donor-interests	Colonial ties Commercial interests Security issues Geographical proximity
Recipient needs	Poverty reduction Goals
Recipient merits	Rule of Law Human Rights Democracy 'Good governance'
Possibilities for influence	Influential shareholders Aggregate of member states interests

¹⁵ Because, as noted in chapter two, the part II list of recipients was abolished in 2005.

Table 3.2 shows us which dimensions the theoretical categories can be divided into. The analysis will be organised along these dimensions, which are the explanatory factors for the direction of aid flows. As shown in the theory chapter, donor motives have been divided into three categories, namely *recipient need*, *donor-interest* and *recipient merits*. Furthermore, a fourth category, *possibilities for influence*, which aims at explaining which actors influence aid allocation, is added. This category seeks to investigate whether the interests of Member States or common EU interests influence the aid allocation. As the concepts used in the theory chapter are quite wide, and hence might include several explanatory factors, I will, where suitable, break these down to more narrow dimensions.

The first dimension is focus on *recipient needs*. As explained in the theory chapter, recipient needs normally include aid to the poorest and neediest countries. However, what is to be regarded as the “poorest and neediest” countries is more difficult to define. Information on how and whether the EU focus on the “poorest and neediest” countries is what will be referred to as the “goals” of the donor’s development policy. These goals can be found in the treaties of the EU, as well as in internal and international agreements. The set goals and objectives of the EU will therefore be analysed to find out what make up the primary areas of priority for the donor. Is the EU focusing mainly on the poorest countries, or are certain geographical areas prioritised?

The second dimension is *donor-interest*. This dimension holds many potential explanatory factors. As seen in the theory chapter, this category has often been divided into “geopolitical interests” which includes security issues, and “commercial interests”, which captures the possibilities for economic gain. Berthélemy (2006: 81) argues that one can analyse geopolitical interests by linking historical and geopolitical factors, i.e. the colonial legacy and geographical proximity, which could be considered as exogenous factors. Aid may also be used to deepen the commercial linkages with a recipient, and not only political alliances (Berthélemy 2006: 82). By studying the history of the donor, one can find geographical areas or groups which might have been treated preferentially, either because of geo-political factors such as geographical proximity or security interest, or because of commercial interests. The self-interest of the donor explains the possibility for the donor to gain something from allocating aid to other countries, be it access to raw materials or potential for increasing security and political stability in fields of interest. Theoretically, this concept has both been

called “self-interest”, “strategic interests” and “donor-interest”. In the analysis it will be referred to as strategic interests.

The third dimension is *recipient merits*. As noted in the theory chapter, what can be regarded as recipient merits is good governance, stable institutions, democracy and human rights. As with the dimension of recipient needs, the goals and treaties of the EU’s development policy will form the base for understanding what the EU considers as recipient merits. Recipient merits are difficult to measure, as stable institutions and good governance are concepts that are rather loose and undefined. The EU’s on recipient merits will be assessed by analysing how the EU has incorporated recipient merits criteria into its programmes, and whether conditionality has been used if these criteria are not met.

The last dimension is *possibilities for influence*. The theory chapter showed that this category both included “influential shareholders” and “aggregate of member states’ interests”. Theory claims that “influential shareholders” are countries or members of the multilateral organisation that have the power to influence the decision-making process, and hence the direction of aid flows. The aid allocation will thus be influenced by the strategic interest of certain member states. In previous statistical research, this category has been based on analysing the correlation of multilateral aid allocations with the export intensity of their principal shareholders (Berthélemy 2006: 96). This thesis evaluates how the scope of countries included in the EU development policy has been influenced by specific Member States. It also analyses whether certain areas which are of interest to specific donors have received preferential treatment throughout history. By studying the composition of the decision-makers and the decision-making processes, one can assess whether there are, or have been, opportunities for single Member States to exercise influence.

The theory of aggregate of member states’ interests assumes that the combined geo-political or commercial interests of the donor’s member states have taken precedence over following the goals for development policy, as Schneider and Tobin hypothesised happened in the EU after the fall of the Berlin Wall. The influence of aggregate of member states’ interests is evaluated by investigating what can be considered as common “European interests” across Member States. Such interests might have introduced new policies that have taken precedence over the objectives and goals. Hence, by evaluating historical events which might have been crucial to the EU’s common interests, while at the same time evaluating how well the goals

are followed, it is possible to observe whether the aggregate of member states' interests have influenced the aid allocation.

4. CHANGING PRIORITIES

This chapter gives a brief historical presentation of the evolution and development of aid policy. The history of the EU's aid policy will be particularly discussed. In order to see which trends may have influenced the aid allocations of the EC, the international and internal aspects are explained separately.

4.1 DEVELOPMENT OF AID POLICY

Aid architecture can be defined as the set of rules and institutions governing aid flows to developing countries. While aid has an architecture, it has no single architect (IDA 2007: 1).

4.1.1 *Emergence of development cooperation*

The emergence of international aid policy and institutions has not happened overnight, but has resulted from decisive events since World War 2 (WW2). Stokke (2009) shows that Official Development Assistance (ODA) has changed and evolved as a response to the international political and economic environment during the decades from the 1940s to the 2000s¹⁶. Most fundamentally, the policy of donating aid emerged as a response to 1) the decolonisation process and 2) the needs that were the results of the emerging Cold War (Stokke 2009: 4). The Cold War period, from the end of WW2 until the fall of the Berlin wall in 1989, has been described as one of the main “architectures” of aid policy (IDA 2007: 1), meaning that the political climate in this era heavily influenced international development policy.

Also, in the aftermath of WW2, several new international institutions were established, many of which were inspired by the success of the Marshall Plan. Amongst them, the creation of the International Monetary Fund (IMF) and the World Bank were important to the institutionalisation of aid policy (Stokke 2009: 6)¹⁷. The World Bank was established already in 1944 to help rebuild Europe after the war. It was also after WW2 that one of the greatest contributors to aid in the world today, the European Economic Community (now the EU), saw the light of day. The US administration along with other major western governments were the

¹⁶ For a thorough overview of the history of aid, see Olav Stokke (2009).

¹⁷ The World Bank and the IMF are known as the Bretton Woods institutions after the conference meeting of 43 countries in Bretton Woods, USA, in July 1944. They were established to help rebuild the post-war economy and promote international economic cooperation (Bretton Woods Project 2007).

main enthusiasts, architects and initiative takers of these new institutions (Stokke 2009: 7). Donating economic aid to developing countries did not become common in the way we know it today until after WW2, but it was first during the 1960s foreign aid “took off”, meaning that aid amounts increased substantially (Boone 1996).

The primary focus of development policy in its emergence was reconstruction and technical assistance, not direct monetary aid. The intention of development aid was to help developing countries industrialise, and thus reduce poverty and enhance economic growth (Boone 1996: 289). Stokke (2009: 43) states that the General Assembly of the United Nations (UN) recognised the responsibility of the UN to assist some member states by providing *expert advice* “in the various fields of economic, social and cultural development”, and that this was justified by the recognition that development was important for world peace and prosperity. The main objective behind the development assistance was to promote economic and social development in “underdeveloped” countries and regions. Towards the end of the 1940s, the UN became especially important in the establishment of the idea of development assistance and in the institutionalisation of aid (Stokke 2009: 29). The focus eventually shifted from technical assistance to economical aid.

However, Stokke (2009: 44) also argues that the mission of providing development assistance was not merely idealistic, as the UN was a “major arena for power politics and the pursuit of foreign interests”. One should keep in mind that the UN was created in the aftermath of WW2, a time when there were strong tensions between the East and the West. Within this context, “aid became an instrument for fortifying old relations, establishing new loyalties, containing the influence of rivals, and ensuring the superpowers’ economic and strategic interests and ideological concerns” (Stokke 2009: 44). Siraj (2009: 5) argues that the Marshall plan, in addition to helping rebuild Europe, is also associated with the US trying to steer Europe away from Communism. He further argues that the Marshall plan therefore inspired the donors to pursue some agenda, hidden or explicit, which might not coincide with the interest of the recipient.

The two major trends that characterised the period of 1940s and 1950s, the decolonisation and the emergence of a bipolar international system, continued on into the 1960s. In this decade, the tensions and the increasing rivalry between the East and the West continued to affect, motivate and form the major donors’ aid policy (Stokke 2009: 7). In 1960 the Development

Assistance Group (DAG) of the Organisation for European Economic Cooperation (OEEC) came into being, to help coordinate and facilitate consultation among the major western donors about assistance to developing countries (Stokke 2009: 7)¹⁸. In the 1970s, a separate target of spending 0.7 percent of GDP on ODA by the middle of the decade was set (Stokke 2009: 10). Interestingly, this is one of the aims of the Millennium Development Goals today, set to be achieved in 2015¹⁹. This decade also brought a focus on pro-poor policy, which meant that the donors' aims and objectives were set to direct aid towards the poorest and neediest countries. In the 1970s the focus also turned from simply striving to achieve economic growth, to more focus on the considerations of improving concrete areas such as health, education, and income distribution (Aid Watch 2009). In the 1980s, ODA had a downfall caused by international economic crisis, which turned into a development crisis. Stokke (2009: 11) argues that this development crisis was caused by the fact that: "Stagflation and a changed ideological current in many western countries led to increasing protectionism and scarce resources for aid". The solution for these problems led to what is called the first generation of aid conditionality, which entailed that the Bretton Woods institutions had to make the developing countries agree to a structural adjustment programme, because of the developing countries' problems with paying their debts. These incentives were a fundamental change in the policy of ODA.

4.1.2 Development policy in a new world order

The fall of the Berlin Wall in 1989 led to what the International Development Assistance (IDA) refers to as the "Post Cold War Architecture", which is still prevailing today (IDA 2007: 1). With the end of the Cold War in the 1990s, what in chapter two is referred to as "recipient merits", such as good governance, human rights and democracy, gained ground in aid allocation (Stokke 2009: 12; IDA 2007: 38). These conditions are also referred to as second generation conditionality. In this type of conditionality, aid can be seen as a reward or a 'carrot' when the recipient country adopts donor approved policies (Riddell 1999: 324). The emphasis on second generation conditionality can be seen through the 1993 DAC presentation of an orientation on "Participatory Development and Good Governance", where the DAC countries acknowledged these principles and objectives as "areas for action" (OECD 1993: 2).

¹⁸ In 1961 the Organisation for European Economic Cooperation was superseded by the Organisation for Economic Cooperation and Development (OECD), and the Development Assistance Group was superseded by the Development Assistance Committee.

¹⁹ The Millennium Development Goals will be discussed further in section 5.3.3.

It stated that: “It has become increasingly apparent that there is a vital connection between open, democratic and accountable systems of governance and respect for human rights, and the ability to achieve sustained economic and social development” (OECD 1993: 2).

Therefore, it was acknowledged that participatory development and good governance must be central concerns in the allocation and design of development assistance (OECD 1993: 2). In this decade, fighting poverty became the overall theme of development assistance. In the 1990s, the World Bank’s and the IDAs role as the main channel for multilateral ODA was surpassed by the EC and the United Nations (IDA 2007). However, alleviating poverty met new challenges, as intra-state wars heavily influenced and affected the direction and use of ODA. Resources were turned from social and economic development to emergency and security issues such as relief assistance to refugees, and the resolution and prevention of conflicts (Stokke 2009: 13). The focus was also brought to involving the developing countries in the global economy. In 2000, new efforts were made in terms of coordinating and setting new targets for international development policy. With the UN Millennium Summit, the heads of state of 147 countries were gathered along with other major aid-providing institutions. This resulted in the creation of the United Nations Millennium Declaration, from which the Millennium Development Goals (MDGs) were established (Stokke 2009: 14). The MDGs set out to eradicate poverty within 2015. Stokke (2009: 15) argues that “(...) the commitments made in the United Nations Millennium Declaration are the world’s biggest promise, and attaining the results contained in the Millennium Development Goals is the world’s biggest challenge”.

4.2 DEVELOPMENT OF EU AID POLICY

The European Economic Community was also created in the time period after WW2, primarily as an economic cooperation between the six member states: France, Germany, Italy and the Benelux countries. At its emergence, the countries of the European Community were themselves receivers of development assistance. As the countries rebuilt after the destructions of WW2, and the European Economic Community grew in scope and scale, the European Commission and its Member States became important aid donors themselves.

4.2.1 Funding of development aid

The EU development aid is divided into two main categories, both of which are administered by the Commission in Brussels (Olsen 2005: 574). The first category is the African Caribbean and Pacific group (ACP), while the second category covers the rest of the world; Latin America, the Mediterranean, Asia and Europe (Olsen 2005: 574). The latter category of the Community's aid is financed by the ordinary budget and is therefore subject to the annual political infighting. The ACP group and the Other Countries and Territories (OCT) are covered by the European Development Fund, which is the main instrument for providing Community aid for development cooperation to these areas. The European Development Fund was set up in 1958, whose disbursements are managed by the Commission, under supervision by the Council (Neal 2007: 179; European Commission 2009a). It is not part of the Community's general budget, but the contributions are made by the Member States of the EU (Europedia 2010). It is the aim of the common aid policy to secure the gradual and harmonious integration of the developing countries into the world economy. The fight against poverty also has high priority, along with the aim to promote democracy, human rights and the rule of law (Olsen 2005: 537).

4.2.2 Preserving colonial ties

The colonial past of Europe has been of great importance to the EU development aid policy. In the time after WW2, the Member States agreed to assist their former colonies economically, especially in Africa, as this would help to secure their independence (European Commission 2007: 4). The formal cooperation started as early as the Treaty of Rome in 1957, which in articles 131 and 136 recognised the obligations of Member States to help their colonies economically, along with arranging for an association of the former French and Belgian Colonies with the European Community (Neal 2007: 179; Van Reisen 2007). The cooperation was based on the principles of association as opposed to assimilation, and on non discriminatory trade between access by other European Member States (Van Reisen 2007: 33). There was also established a free trade area between the European Community and the colonies, giving the right to establishment to firms and nationals from all parties.

The Yaoundé Conventions from 1963 to 1975 arranged for a cooperation between the European Community and 18 former colonies in the ACP group, and it was signed to cover

aid disbursements by the European Development Fund over the next five years (Neal 2007: 179). The notion “ACP-states” comes from the “ACP group of states” formally established in 1975 with the Georgetown Agreement, which was initially signed by 46 African, Caribbean and Pacific states (European Union 2010). The relationship between the EU and the ACP countries has grown and strengthened during the years since the Yaoundé treaty, as the number of Member States in the EU has increased, and thus the number of ex-colonies, trusteeships, or overseas territories for which the EU Member States feel some responsibility (Neal 2007: 180). Through the Yaoundé Conventions (1963-1975), Lomé Conventions (1975-2000) and the Cotonou agreement (2000-2020), the ACP-EC cooperation has been formalised, and the number of member states in the ACP group has grown to 79 members, 78 of which has signed the Cotonou agreement (European Union 2010)²⁰. The members of the ACP group are deemed eligible for preferential treatment in trade and aid (Neal 2007: 180).

One of the principle reasons why the relationship to the developing countries was of such importance for the European Community was the fact that the European countries needed raw materials and resources for the development of Europe. Its export markets and its labour forces were also of vital importance for the EU. Van Reisen (2007: 59) also argues that “it has been recognized since the inception of the EU that its prosperity is dependent on and closely associated with the EU’s ability to cooperate with the countries of the South”. Further, Van Reisen argues that “the EU is dependent on the South if it wants to fulfil its aspirations to becoming a global player” (Van Reisen 2007: 59).

Though the non-associated countries in Asia and Latin America were included in the European Development policy in 1976, the resources of this budget line remained limited in scope (Van Reisen 2007: 42). However, when the accession agreements with Spain and Portugal were signed, this had a provision that aid to Latin America would be increased (Van Reisen 2007: 45). With the enlargement of the European Community to include UK, Ireland and Denmark, even more countries were included in the ACP-group. This represented a turning point of the European Community’s development assistance as the ACP-EC cooperation grew to become quite extensive. Furthermore, agreements signed with the Mediterranean countries and the successful negotiations on the Lomé Convention now ensured that the whole of the African continent was embraced (Van Reisen 2007: 44).

²⁰ Yaoundé I (1964-9), Yaoundé II (1969-74), Lomé I (1975-9), Lomé II (1980-4), Lomé III (1985-9), Lomé IV (1990-4), Lomé IV revised (1995-9), Cotonou I (2000).

The relationship between the EU and the ACP group has changed and evolved with the different conventions and agreements. First, the oil crisis in the 1970s forced the European Community to re-evaluate the relationship with the ACP countries. During the 1970 the Community's development policy also took on an increasingly global perspective (Van Reisen 2007: 43). The relationship with the developing countries now became a part of the European economic strategy, because the European Community still needed to import energy and raw materials. Second, in 1988, the European Parliament insisted on increasing resources for the aid programmes, and that financial and technical assistance should be strictly poverty oriented so that the neediest countries would benefit the most (Van Reisen 2007: 45-46). Third, an emphasis on human rights, good governance and democracy was included in the Lomé IV Convention of 1990. Also, the Cotonou agreement established poverty eradication as the principal objective, assigned a greater role to the participation of civil society as well as reinforced the political dimensions of relations between the ACP countries and the EU (Van Reisen 2007: 56).

4.2.3 Inclusion of the non-associated countries

Although the ACP group has received much attention in EU development policy, non-associated countries have also been included. The history of the EU's involvement with non-associated countries dates back to the 1970s, when a global development policy was launched by the Commission through the Paris Declaration of 1971. It involved the broadening of policies' range implemented at the time, in addition to a call for coordination and harmonisation with Member States' individual strategies (Birocchi 1999: 4). The first piece of legislation dedicated to non-associated countries was the Council Regulation of 1981 on financial and technical aid (Birocchi 1999: 2). Also, the European Community initialised a general system of preferences in 1971. This instrument would provide global application of preferential market access for imports from the associated countries. Though this measure was intended to expand the development policy from being restricted to merely European-African cooperation, the increased use of instruments granting preferential treatment quickly eroded their value to the partner-countries (Van Reisen 2007: 42).

In 1984, with the accession negotiations with Spain and Portugal, the Commission made proposals to substantially increase the budget for assistance to non-associated countries,

including the Mediterranean countries (Van Reisen 2007: 45; 2002: 12). There were made proposals for increases in this budget line, despite the fact that the existing resources already were not fully utilised (Van Reisen 2002: 12). Furthermore, in 2000, the three EU institutions adopted the first fully-fledged policy in development cooperation for all developing countries. It stated that “the main objective of community development policy must be to reduce and eventually, to eradicate poverty” (Van Reisen 2007: 56). However, Van Reisen (2007: 56) argues that at the same time, there was a rival idea that EU development policy should be focused on and limited to Africa. This idea seemed to gain ground in the allocation of aid and the implementation structures.

According to Birocchi (1999: 2), the EU’s approach and attitude toward the Asian emerging economies have been mainly defensive, due to the fear of aggressive commercial competitors. The aid policy of the EU has also shown defensive features towards the Newly Industrialised Countries (NICs) such as Brazil. Still, aid toward Asian and Latin America (ALA) has been limited in scope, especially if compared with the ACP.

After the fall of the Berlin Wall, the Central and Eastern European countries (CEECs) were also included through the *Phare* programme, which commenced in the early 1990s²¹. Cox and Chapman (2000) argue that this programme marked the beginning of significant EC cooperation with this region. Furthermore, the New Independent States (NIS) of the former Soviet Union were embraced by the EC development policy through the *Tacis* programme of 1991 (Cox and Chapman 2000)²².

4.3 CHAPTER SUMMARY

This chapter shows that the policy of development assistance emerged after WW2, and its initiation was far from cautious. Since then, decisive historical events such as wars, economic crises and changes in the international political climate have affected the allocations of ODA. Two major trends have influenced the international climate for ODA; The first trend being the

²¹ The Phare (Assistance for Economic Restructuring in the Countries of Central and Eastern Europe) programme became operational in January 1990 on the basis of a Council Regulation to support the process of transition to market-orientated economy, originally intended for Poland and Hungary, but later came to include the Bulgaria, the former Czechoslovakia, the former GDR, Romania and the former Yugoslavia. In 1991 it was extended to include Albania, Estonia, Latvia and Lithuania (Cox and Chapman 2000: 11).

²² The Tacis (Technical Aid to the Commonwealth of Independent States) was formally established by Council regulation No 2157/91 of 15 July 1991, and also included Mongolia (Cox and Chapman 2000: 13).

decolonisation process and the second trend being the Cold War period. ODA policy has also changed from focusing primarily on technical assistance, to having a more pro-poor focus. This historical presentation also shows that there are two generations of aid conditionality. The first generation aid conditionality was that the development countries needed to agree to a structural adjustment programme, while the second generation aid conditionality was the donors' focus on good governance, human rights, democracy and the like in the recipient countries. The history of the European aid policy has shown a great focus on cooperation with the associated countries. However, the historical relations do not solely entail that the EC's aid allocation is based on strategic interests, as the development cooperation has grown to include developing countries throughout the whole world. The next chapter will explain how the development policy of the EU has changed and evolved throughout the same time period, and how the decision-making process of the development policy is laid out.

5. ASSESSING GOALS AND COMPOSITION

This chapter commences with a brief introduction on the composition and decision-making process of the European Commission, which is the body in the EU responsible for allocating the EU's multilateral aid. This will show whether any specific actors have a greater possibility of influencing the decision-making than others. The composition of the EC and possibilities for Member States to affect the decision-making processes will be necessary to evaluate whether the EC is truly independent from its Member States' interests. Next, a presentation of the stated goals and objectives of the development policy of the EU as a whole will be given. These goals are divided into those which are agreed upon in the treaties of EU, internal agreements, and international agreements which are applicable to the EC. The donor's stated goals and objectives for aid allocation and aid effectiveness will show how recipient-need oriented the EC's intentions are, as well as determining how the EC defines "poverty oriented aid". Knowledge about goals and composition, along with the history presented in chapter four, is vital to understanding the development of the EC's aid allocation, and enables us continue with the analysis.

5.1 THE EU'S TWO-FOLDED ROLE

Through aid, the EU has acquired a unique international role, one which reflects its self-imposed responsibility to share the benefits of development with the world's poorest countries (Lambert 1997: 2).

One might say that the EU has a two-folded role when it comes to aid; the EU as a regionally based organisation with geo-political and commercial interests, and the EU as a multilateral donor with overarching goals and objectives. First and foremost, the role of the EU does not consist solely of being a multilateral donor. Because of its status as a large regionally based organisation which includes an ever increasing number of policy areas, it is natural to assume that the EU also wants to preserve its global interests in the aid allocation policy. Unlike the World Bank and the UN, the EU has a regional constituency, which makes it more probable that it has clearer cut strategic interests, such as commercial and security interests. This is the primary factor that separates the EU from other substantial multilateral donors. Although the number of Member States in the EU is lower than the World Bank and the UN, the ODA

flows from the EC has surpassed them (Schneider and Tobin 2009: 3)²³. As argued in chapter two, multilateral donors are less likely to be influenced by strategic interests and more likely to be affected by recipient merits and recipient needs. Theory assumes that a multilateral aid donor's aim is to implement the development goals established by its member states and, accordingly, the multilateral donor should distribute aid based on economic needs of the recipient country rather than its own strategic interests (Schneider and Tobin 2009: 5). The EC as a multilateral donor is meant to be independent of its Member States, and also has a stated development policy to follow. Thus one should expect that EC aid is to be more focused on recipient needs, as multilateral aid agencies were established to support the economic development of the poorest and neediest countries, and their missions and goals reflect this approach (Schneider and Tobin 2009: 8). The next sections will elaborate on whether the composition of the EC creates possibilities for Member States to influence the direction of aid, and the goals and objectives set in the development policy of the EU.

5.2 DECISION-MAKING PROCESS

As mentioned in the introduction, the European Commission is the EU's executive arm, which is seated in Brussels. It is responsible for implementing the decisions of the European Parliament and the Council of Ministers, through implementing its policies, running its programs and spending its funds (European Union 2009). The EU is governed by the Council resolutions which define strategic poverty alleviation and people oriented goals (Cox et al. 2000: 37). The Council of Ministers consists of ministers from each Member State. It has co-decision with the European Parliament on legislation and the annual budget, and it has a special focus on development policy twice a year. The European Parliament consists of 758 members elected by 27 Member States, and it has the right to co-decision with the Council on development legislation and the annual EU budget. However, it is the Commissions responsibility to manage important instruments relating to the developing countries (such as trade and aid) (World Bank 2009).

²³ The EU has 27 Member States, whereas the World Bank has 186 Member States, and the UN has 192 Member States.

5.2.1 The special role of the European Commission

The Commission is responsible for representing the EU on the international arena and, among other things, negotiates international agreements on behalf of the EU. The Commission's role in the EU's development policy is formally governed by the "campaign against poverty" mandate enshrined in the Maastricht Treaty and the Council resolutions of 1993 on the fight against poverty, and of 1996 on Human and Social Development (Cox et al. 2000: 25). The members of the Commission are called "commissioners", and the Commission is composed by one commissioner from each Member State. The commissioners are not elected, but appointed by the Member States, and the commissioners pledge to be independent of their governments. Furthermore, they are committed to act in the interests of the Union as a whole, and not take instructions from their national governments (European Union 2009). The commissioners are often portrayed as unaccountable technocrats, because they are unelected (Peterson 2006: 81). Hence, it is difficult to hold them responsible if the policies are not followed, though the EC has become increasingly accountable to the European Parliament (Peterson 2006: 97). Despite this independence, Arts and Dickson (2004: 6) argue that the interests of Member States permeate the Commission. This entails that the commissioners must find a balance between the impartiality they are supposed to display, common EU interests, and national allegiances. Hence, sections of the Commission might have competing interests, despite the overall goal to eradicate poverty, especially in the South (Arts and Dickson 2004: 7). Still, the Commission has the possibility to exercise great influence in development policy, as this area does not normally raise too much political sensitivity (Hoogne and Nugent 2006: 153).

The administrative structure of the Commission is organised around Directorates-General (DG) (Hoogne and Nugent 2006: 149). The DGs are all responsible for different parts of the EC's policies, and the number of DGs and services has changed throughout the last decades. The area of external relations is covered by four DGs: DG for Development, DG for External Relations, DG for Enlargement and DG for Humanitarian Assistance. The DG for Development is responsible for the relationship with the ACP countries, sets development policy and federates European development policy across the globe (European Commission 2010c). The DG for External Relations is responsible for the Commission's relations with the outside world, including the European Neighbourhood policy. It further ensures that the programmes for specific countries are in accordance with the overall EU development goals. The DG for Enlargement is responsible for financial aid to potential and future EU Member

States, while the DG for Humanitarian Assistance provides emergency relief to victims of disaster and war outside Europe (European Commission 2010c). The bureaucrats in the different DGs work on instruction from their responsible commissioner and elaborate on the proposals made by the commissioners (Nes 2009: 13). In this way, the bureaucrats are also involved in the forming of politics. The fact that the DGs do not share common nationalities or party loyalties makes the establishment of common EU interests even more difficult (Arts and Dickson 2004: 6).

5.2.2 Possibilities for influence

The size of the Commission has increased as more countries have joined the EU, and the internal composition and responsibilities have changed. The Commission was initially made up of two commissioners of each of the Member States with the largest populations and one commissioner from each of the other Member States. Since the Treaty of Nice, this was changed to one commissioner from each Member State. Thus, there are now 27 commissioners. A larger Commission would naturally entail smaller possibilities of single Member States influencing the decision-making process, as there is a greater diversion of interests. However, groups of like-minded Member States could still get together and coordinate their priorities in order to try to promote their interests in the Commission. A strong argument for following a common coordinated policy is its importance for the EU in order to exercise greater influence in international affairs (Arts and Dickson 2004: 6). The fact that the DGs are responsible for different parts of the EC's external actions could also entail that the actual outcome is due to bureaucratic processes, not influence of individual Member States. The next chapter analyses how Member States and common European interests have influenced the aid allocation.

5.3 DEVELOPMENT GOALS AND OBJECTIVES

The European Union has through several forums, both within the EU and within the international community, stated their goals for reducing poverty, increasing and improving their aid, and making aid more efficient. The internal goals of the EU are stated in the articles 130u-130y in the *Treaty on European Union* (Maastricht treaty) and the *European Consensus*

on Development²⁴. Internationally, the EC makes great efforts to reach the *Millennium Development Goals* (MDGs) of the UN from 2000.

5.3.1 Development policy from the Rome Treaty to the Lisbon treaty

Development policy in the EU has changed and evolved since its initiation, while influenced by the EU's own internal metamorphosis (Siraj 2009: 1). This can be seen in the description of how changes like the signing of new treaties and expansions of the EU lead to changes in the development policy. Table 5.1 displays the forums which lay the basis for the goals and objectives of the EU development policy.

Table 5.1: Objectives of treaties and agreements

	Poverty oriented goals and objectives	Focus on recipient merits	Areas of focus
<i>Treaties</i>			
Treaty of Rome, 1957	Promote economic and social development, establish close economic relations.	None.	'Overseas Countries and Territories'.
Treaty on European Union, (Maastricht Treaty) 1992	Sustainable economic and social development, campaign against poverty, integrating developing countries into the world economy, comply with EU approved UN objectives.	Promote democracy, human rights and the rule of law.	Enhancing the development among the developing countries, particularly the most disadvantaged of them.
The Lisbon treaty, 2009	Poverty reduction and poverty eradication, comply with EU approved UN objectives.	Promote democracy, human rights and the rule of law.	Developing countries as well as assisting third countries other than developing countries.

²⁴ The European Consensus on Development is valid for the EU as a whole, that being both the Member States and the European Commission.

Table 5.1 continued

<i>Agreements</i>			
The European Consensus on Development, 2005	Poverty eradication, sustainable development, work to achieve the MDG's.	Promote the values of respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice.	Developing countries, including both low income countries and middle income countries. Focus on the least developed and other low income countries.
Millennium Development Goals, 2000 (United Nations Millennium Declaration)	Increase aid to 0.7% of GNI by 2015. Eight goals including fighting poverty, achieving universal education, improving health, promoting gender equality, economic sustainability and global cooperation.	Good governance, strengthen respect for human rights, democracy.	Least developed countries, Small island developing states, landlocked developing countries, heavily indebted countries, Africa and fragile states.

The development policy of the EU has existed since the Treaty of Rome was established in 1957. In Part IV, “Association of the Overseas Countries and Territories”, Articles 131-36, it is stated that the European Community shall promote “economic and social development of the countries and territories and to establish close economic relations with them and the Community as a whole” (European Community 1957)²⁵. These countries and territories are limited to those who “have special relations with Belgium, Denmark, France, Italy, the Netherlands and the United Kingdom” (European Community 1957). The European Development Fund (EDF) was created to financially assist these regions (Van Reisen 2002: 12). The beginning of the development policy was thus limited in scale, with only some twenty countries and territories included. The Treaty of Rome also had a strong focus on trade relationships, by abolishing customs duties on imports between the countries and territories and all Member States. However, as shown in the previous chapter, the group of associated countries, and thus the number of countries embraced by the European Community’s development policy, expanded throughout the 1970s and 80s.

²⁵ The full length of articles 131-33 of the Rome Treaty are added in the appendix.

With the Maastricht Treaty in 1992, a legal basis for the EU development policy was created, and the development cooperation was through the Maastricht Treaty fully integrated into the EUs *acquis communautaire*²⁶ (Van Reisen, 2007: 47). The objectives for development in the Maastricht treaty were to promote sustainable economic and social development, the campaign against poverty and the harmonious integration of the developing countries into the world economy (Van Reisen 2007: 47; European Union 1992: art. 130u; Olsen 2005: 573)²⁷. Hence, the union also took on a more global development approach through the Maastricht Treaty. Still, article 130w safeguarded the special ACP-EU relationship (European Union 1992). The Maastricht Treaty also stated that the development aid of the Community was supposed to work together with the bilateral development policies of the Member States (Olsen 2005: 573; European Union 1992). This is also known as the principles of *coordination* and *complementarity*, where the first aims for the EC and the Member States to coordinate their activities, and the latter stated that the programmes of the EC should be in addition to the programmes of the Member States (Van Reisen 2002: 13). The Maastricht Treaty also set a focus on enhancing the development among the most disadvantaged of the developing countries. The cooperation with other donor organisations was also emphasised, by stating that “The Community and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organizations” (European Union 1992: art. 130u, 3). Through this article, the EC commits itself to the MDGs, which will be elaborated later on in the chapter. Through the Maastricht Treaty, the EC also stated that the development policy shall contribute to the objective of the rule of law, human rights and fundamental freedoms (European Union 1992: art. 130u, 2). The EU thus committed to allocating aid based on recipient needs and recipient merits. The development policy was consolidated in Amsterdam Treaty of 1999, art. 177-181, while the Treaty of Nice of 2001 added a new title, XXI, with a new article 181a. The new title in the Treaty of Nice was added in order to ensure a legal basis for aid to the former countries of the Warsaw Pact (Van Reisen 2007: 48).

The objectives of the development policy of the EU have again been revised in the Lisbon treaty, which entered into force on the 1st of December 2009. The changes are not significant, and the emphasis on poverty elimination is continued, as Article 208 part 1 clearly states that

²⁶ The EU’s *acquis communautaire* is the legal provisions already negotiated in earlier EU treaties. The *acquis communautaire* is the body of EU laws and regulations.

²⁷ Articles 130u-130y of the Maastricht Treaty are added in the appendix.

“(…) Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty” (European Union 2007). Moreover, Article 208 part 2 continues to emphasise the cooperation with the EU and the UN (European Union 2007). The most notable change is the fact that Article 209 of the Lisbon treaty has not reproduced the sentence on the special status of the ACP-EU Convention, which was stated in the Maastricht Treaty.

5.3.2 The European Consensus on Development

The European Consensus on Development (ECD) was reached in 2005 when the representatives of the EU Member States in the Council, the Commission, and the Parliament met to decide on common goals for development policy. In the first part of this statement, the EU commits to “poverty eradication, ownership, partnership, delivering more and better aid and promoting coherence for development” (European Union 2006: 2). The statement also gives a description of what the EU perceives as poverty. According to the ECD, the core aspects of poverty include people of either gender who are deprived or perceived as incapacitated in different societies and contexts, in terms of economic, political, socio-cultural or protective capabilities. Moreover, poverty relates to limitations within areas such as consumption and food security, health, education, rights, the ability to be heard, human security especially for the poor, dignity and decent work (European Union 2006: 3). Cox et al. (2000: 27-28) argue that the EC uses a relative concept of poverty, with a wide concept of deprived people and those who are marginalised and discriminated against. This broad perception of poverty is displayed in the definition of poverty introduced in the ECD. The consensus also emphasises the importance of development policy, stating that it is “at the heart of the EU’s relations with all developing countries” (European Union 2006: 1). In the ECD the EU acknowledges that there is more than a moral obligation to aid, as it is an important measure in promoting peace and security, prosperity and stability.

The EDC also states that the primary responsibility for development lies with the developing countries themselves, but that the developed countries also share this responsibility (European Union 2006: 1). The consensus continues the focus of the treaties on the thought that development cooperation is a shared competence between the Community and its Member States, and that the Community policies in this sphere are meant to complement the development policies of the Member States. The EU recognises its responsibility as a

substantial contributor of aid, and therefore states a focus on increasing the assistance, along with its effectiveness and quality (European Union 2006: 1).

Furthermore, the EDC states that the least developed countries and other low income countries (LDC and OLICs) will be prioritised, in order to achieve more balanced global assistance (European Union 2006: 2). The agreement also emphasises delivering more and better aid as an important objective. Another important aspect of this objective is reducing transaction costs of aid in order to provide better aid, along with working with developing partner countries to use increased aid flows more effectively (European Union 2006: 5). The EU will also work for less volatile and more stable aid to development countries, so that the partner countries will receive predictable aid which will make planning easier (European Union 2006: 5).

5.3.3 Millennium Development Goals

The primary objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including the pursuit of the millennium development goals (MDGs) (European Commission 2007: 10).

The *Millennium Development Goals* (MDGs) are stated in the United Nations Millennium Declaration, an agreement reached by the Member States of the UN in 2000²⁸. The declaration was signed by 189 countries (World Bank, 2009a). In this declaration, the UN Member States acknowledge their collective responsibility to create a more peaceful, prosperous and just world. The MDGs were a historic commitment to eradicate absolute poverty, which also included concrete and measurable targets in areas which would have an immediate impact on the lives of people living in poverty (Van Reisen 2002: 7). The MDGs set a time limit for obtaining the stated goals. This limit is set to be the year 2015. Eight main goals are the primary focus of this declaration: 1) to eradicate extreme poverty and hunger, 2) achieve universal primary education, 3) promote gender equality and empower women, 4) reduce the mortality rate of children, 5) improve maternal health, 6) combat HIV/Aids, malaria and other diseases, 7) ensure environmental sustainability, and 8) develop global partnership for development (European Union 2006: 2). Though my analysis focuses on the EU as a multilateral organisation, not the bilateral governments who actually signed the

²⁸ The Millennium Development Goals are a result of resolution 55/2 adopted by the General Assembly of the UN in 2000.

agreement, the MDGs still can be seen as a goal for the EC, because the EU clearly states the MDGs as a goal for the entire union, which thus includes both the Member States and the Commission (European Union 2006). The EU's support for the MDGs is also implicitly stated in the treaties, which state that the Union and the Member States shall apply with their UN commitments. Furthermore, the EU has also explicitly stated that it fully supports the MDGs, and the EU has committed to following up the MDGs (Neal 2007: 183; European Union 2006: 2). According to Neal (2007: 183-84), the goals focus on people rather than infrastructure projects, and they require cooperation by the recipient states in forming feasible action plans. Furthermore, the EU expects that the recipients respect human rights, follow the rule of law, and abide by international rules governing trade and finance. In this way, the EU applies the success of its accession strategies for the ten new Member States, to its client states (Neal 2007: 184).

The EU's work towards the MDGs includes some ambitious goals for the target date in 2015, drawn up by the Commission (European Union 2008). These include to: 1) set new intermediate targets for growth in official aid budgets by 2010 with a view to achieving the overall target of 0.7 % of gross national income (GNI) by 2015; 2) speed up reforms that will improve the quality of aid; 3) rethink the way that the EU influences the conditions for development; and 4) ensure that Africa is the number one beneficiary of these new approaches and seize new opportunities for partnership between the two continents (European Union 2008).

5.4 DEFINITE GOALS OR INTANGIBLE AMBITIONS?

The EU's development policy has changed, evolved and grown to include much more of the world's developing countries since its cautious start with limited span. The initial development policy displayed in the Treaty of Rome was clearly based on the European Community's relations with its former colonies, and it was therefore a mode of preserving its strategic interests. The changes in the development policy throughout the 20th century have shown a greater focus on recipient needs. While the Treaty of Rome claims the promotion of "social and economic development" and establishing a close economic relationship with the overseas countries and territories, the Maastricht Treaty is more characterised by prioritising recipient needs. It focuses on "the campaign against poverty", integrating development countries into the world economy, poverty eradication and encompassing all developing

countries (European Union 1992; European Community 1957). Hence, the eradication of poverty and promotion of sustainable development now prevail as the main goals of the EU. Since the Maastricht Treaty, the development policy has also included “good governance” criteria and a focus on the rule of law, human rights and fundamental freedoms for aid recipients, and by so it has brought the attention to recipient merits.

The goals and objectives of the EU development policy are ambitious in the sense that they seek to eradicate poverty, achieve sustainable development and integrate the developing countries into the world’s economy. Poverty eradication is not impossible; however, these goals are not easily achievable. Furthermore, it may be difficult to measure the performance of the EU towards its goals. As Van Reisen (2002: 6) argues, the challenge lies in turning long-standing commitments into measurable actions and results. Hence, a problem in assessing development policy and donor performance in accordance with their goals, are the vague and wide definitions of focus-areas. Van Reisen (2002: 21) states that the Commission is working on a methodology on how to measure the progress of the poverty focus of the Community development cooperation. There are however methodological challenges, as it is impossible to isolate the impact on poverty from one individual donor in a specific country, because the indicators may be influenced by many exogenous factors. There is also the problem of a time lag between input and expected results (Van Reisen 2002: 21).

In one way, the goals of the EU will not be fulfilled until poverty is eradicated. In another sense, part of the development policy includes more concrete and measurable objectives, as concrete goals are set for increasing the amount of aid to 0.7 percent of GNI, prioritising Least Developed Countries and Sub-Saharan Africa. However, much of it has room for interpretation and arbitrary evaluations on how well the EC performs. The upcoming chapter will give us an indication on how the aid allocations of the EC can be explained by the theoretical dimensions, and whether the aid allocation of the EC is in actual correspondence with these goals. Furthermore, it will evaluate whether the goals have determined the aid allocation to a greater extent than the strategic interests displayed through history.

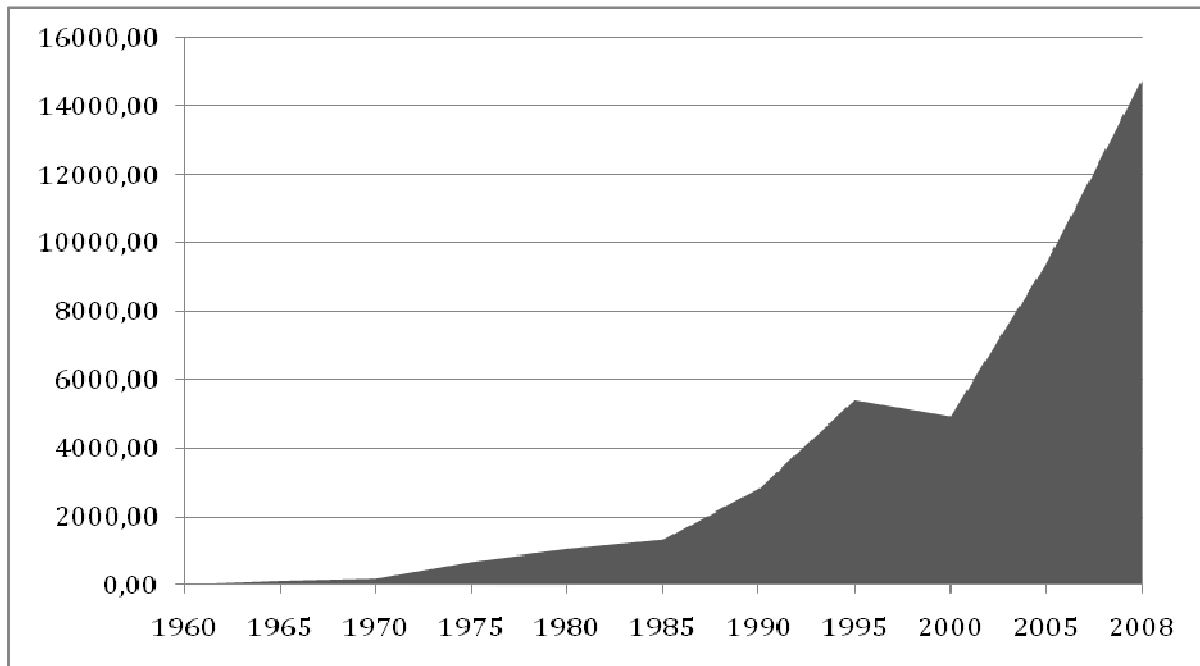
6. ANALYSING THE EC'S AID ALLOCATION

This chapter presents the results from the analysis of the European Commission's motives for aid allocation since the 1960s, and assesses whether the aid allocations have been in accordance with the stated goals, presented in chapter five. First, the data on EC's aid allocation is presented for the different regional and income groups is presented for part I, the traditional developing countries, and part II, the more advanced developing countries, respectively. The analysis also takes a closer look at the African Caribbean and Pacific countries (ACP group), and EC aid to different sectors. The data on the EC's Official Development Assistance (ODA) allocation is presented in terms of actual disbursements in percent of total aid to developing countries, and Official Aid (OA) in percent of total aid to part II countries. The empirical material is presented and discussed in relation to the dimensions that were elaborated in the method chapter, namely recipient needs, donor-interest, recipient merits and possibilities for influence. The historical background along with the stated goals and information on the composition of the EC can provide valuable information on why the EU allocates aid the way it does.

Second, the findings are summarised, and the donor-behaviour of the EC is discussed. This will indicate whether its behaviour can be perceived as altruistic or self-oriented. Lastly, motives for EC aid allocation is analysed aid according to the goals and objectives presented in chapter five. This displays how well the actual aid allocations correspond with the stated goals and objectives.

6.1 EC AID ALLOCATION

Figure 6.1: Total EC ODA allocations



Source: Based on OECD.Stat, DAC 2a.

Notes: This list includes only ODA, and hence leaves out OA. The numbers are ODA disbursements, presented in current US dollars. The part II list of recipients was abolished in 2005. The figure presents aid to all recipients, total, which includes both aid to developing countries and aid to multilateral part I recipients.

Figure 6.1 shows a considerable increase in ODA from the EC from 1960 to 2008. The increase reflects how the number of developing countries embraced by the EU throughout the last six decades has grown, as well as the growing economy of the EU due to the inclusion of several new Member States in the same time period.

Figure 6.1 provides indications on how the international trends presented in chapter four might have influenced the total aid disbursements of the EC. First, in the years of the two international economic crises, the aid flows do not seem to have decreased or stagnated as might have been expected. Actually, aid allocation increased with almost 500 million US dollars from 1970 to 1975, and the increase in ODA continued until 1980. Second, in the 1990s, following the end of the Cold War, one might also have expected aid flows to stagnate or decrease due to the increased flows of OA to the European part II countries. However, the fall of the Berlin wall in 1990 was not followed by decreasing or stagnating aid flows either. In fact, total amounts of aid increased substantially from 1985 to 1990, and almost doubled from 1990 to 1995. Third, since the MDGs were established in 2000, and until 2008, the amount of ODA from the EC was almost tripled. In 2005, the part II list of recipients was

abolished. This entails that Official Aid was reported as ODA from 2005, which might partly explain this drastic increase in ODA. The next sections will elaborate more closely on how these resources have been allocated.

6.1.1 Targeting recipient needs

As discussed in section 5.3.2, poverty is a concept that is not easily defined. It may entail many aspects of a person's, community's or country's life. Poverty may be defined both as *absolute*, which refers to people in lack of basic necessities for survival, or *relative*, which refers to people who live below the general standards of living in the society (European Anti-Poverty Network 2010). The EU definition of poverty stated in the European Consensus on Development includes a wide aspect of what may be perceived as deprived people, and a wide range of policy areas that are considered to influence the level of poverty. This definition facilitates a wide understanding of what kind of poverty areas the EC intends to focus on. However, the overall goals of the EU, presented in chapter five, clearly state a focus on the most disadvantaged and least developed countries. These goals tend towards the definition of absolute poverty, while at the same time making sure that the countries with relative poverty are also included. The most precise way of measuring the EC poverty focus, is to analyse the amounts of aid that is allocated to the poorest countries and regions. Moreover, the definition in the European Consensus on Development emphasises access to health, food and education, focus areas which are also stated in the MDGs. Analysing whether these areas are also the focus of the EC aid allocation is done by evaluating which sectors are prioritised in the aid allocation. Combined, this will give insight as to whether the EC focuses on poverty when allocating aid.

Table 6.1: EC allocation to income-groupings

Recipient/ Year	1960	1965	1970	1975	1980	1985
LDCs	87,75 %	55,88 %	50,59 %	55,45 %	54,43 %	41,81 %
Other LICs	0,57 %	12,66 %	9,39 %	9,14 %	5,92 %	3,59 %
LMCs	5,13 %	14,85 %	24,41 %	24,14 %	20,71 %	20,88 %
UMICs	0,28 %	5,66 %	9,04 %	1,4 %	3,83 %	3,85 %
MADCTs	..	0,15 %	2,76 %	1,9 %	1,79 %	0,6 %
Part I, unallocated by income**	6,27 %	10,8 %	3,81 %	7,97 %	13,32 %	29,27 %
<i>Developing countries, total</i>	3,51	110,31	179,88	677,32	1 043,42	1 319,98

Recipient/ Year	1990	1995	2000	2005*	2008
LDCs	45,2 %	32,91 %	22,93 %	33,31 %	31,04 %
Other LICs	11,62 %	7,4 %	3,11 %	6,57 %	5,23 %
LMCs	24,3 %	25,88 %	32,42 %	26,68 %	25,93 %
UMICs	4,29 %	8,82 %	21,81 %	11,65 %	19,91 %
MADCTs	0,77 %	1,82 %	1,36 %	0,02 %	..
Part I, unallocated by income**	13,82 %	23,17 %	18,36 %	21,77 %	17,88 %
<i>Developing countries, total</i>	2 562,86	4 722,79	4 414,01	8 686,53	14 427,68

Source: Based on OECD.Stat, DAC 2a.

Notes: The numbers are ODA disbursements, presented as percent of total ODA to developing countries. The total amounts are presented in current US dollars.

* The part II list of recipients was abolished in 2005.

** "Unallocated by income" means that the funds cannot be placed into the DAC categories of Income Groups, because the recipient of the funds is unknown or undetermined at the time the aid agency is reporting aid flows.

Table 6.1 shows the EC's aid allocations according to income groupings. First of all, the focus on the least developed countries (LDCs) in the aid allocation of the EC until the 1980s is apparent. One observes that until 1985, the EC distributed the better part of its ODA, more than fifty percent, to the LDCs. Considering the fact that the focus areas of the Community's development policy at this stage primarily were former colonies, this suggests that many of the associated countries were also among the poorest. From 1985, aid allocations to the LDCs declined, and reached its lowest point in 2000, with only approximately 23 percent of the total amount of ODA going to the LDCs. Simultaneously, the upper middle income countries (UMICs) experienced a sudden growth of ODA, from almost nine percent in 1995, to approximately 23 percent in 2000. Flows to the other low income countries (Other LICs) have remained relatively low throughout the time period. However, this is not too disturbing, since

there are fewer countries in this group²⁹. The low middle income countries (LMCs) have experienced stable aid allocations from the 1970s until today, amounting to more than 20 percent each year throughout this period. Van Reisen (2002) argues that this shift in aid allocations is due to the changes in nature of the thematic budget lines. Also, Table 6.1 shows that aid allocations to the more advanced countries and territories (MADCTs) have remained very low throughout the entire time period from 1960 to 2008. This corresponds with the fact that, at least from the 1990s, most MADCTs received OA and not ODA.

This suggests that the EC has allocated substantial aid flows to the poorest countries, at least when counting LDCs, OLICs and LMCs. This weakens Berthélemy's (2006: 107) argument that the EC is insensitive to recipient needs. Certainly, the focus on absolute poverty has been weakened, but still the relatively high allocations to LDCs until the 1990s show a considerable focus on poverty until the fall of the Berlin Wall. What is more, this shows that while the development policy was primarily focused on colonial ties, the poorest countries were also the main beneficiaries of development assistance. But, while the development policy increased its focus on poverty eradication, the aid allocations to the poorest countries decreased. This finding is interesting considering that the EU to a great extent has been labelled a strategic actor based on its association with the former colonies.

As seen in Table 5.1 in the previous chapter, the EU development policy through the European Consensus on Development states a focus on *all* developing countries including LMCs and UMICs, while the Treaty on European Union states a focus on *all* developing countries, but particularly the most disadvantaged ones. In this regard, the actual allocation of the EU is in accordance with the aims of the development policy.

However, it seems like the declining aid allocations to the LDCs are not solely a trend within the EC. Norberg (2000) argues that overall aid from the OECD countries to the LDCs has decreased from 38 per cent in the mid-1980s to 31 per cent in 1997. Thus, a variety of donors might have changed their priorities in the aftermath of the Cold War. Riddell (1999: 324) presents another explanation to this change; He argues that the increase of aid to the middle-income countries could be due to the donors' increased focus on allocating aid to the countries

²⁹ According to the OECD.Stat listing of 2010, there are 12 countries and territories in the Other LIC grouping, whereas 49 countries and territories in the LDC group, 48 countries and territories in the LMIC group, 43 countries and territories in the UMIC group and 27 countries and territories in the MADCT group.

with the greatest market potential. Hence, disbursements have shifted from the poorest countries to the middle income countries, as the trade and investment potential is more likely to be greater in these countries.

6.1.2 Changing regional priorities

The poverty focus of the EU can also be assessed by analysing which regions are prioritised, as most of the world's poorest countries are located in Africa, more specifically in Sub-Saharan Africa. Furthermore, the MDGs state that Africa is a region which should be given priority. The development policy of the European Community has also given a greater focus to some regions more than others. The Treaty of Rome focused primarily on overseas countries and territories, which were primarily African countries³⁰. However, Table 6.2 shows that the number of countries embraced by the development policy of the European Community and later the European Union has grown, in line with the changes made.

Table 6.2: EC aid allocation to regional groupings

	1960	1965	1970	1975	1980	1985
Europe		10,43 %	2,74 %	0,41 %	2,4 %	0,69 %
North of Sahara		0,20 %	4,20 %	1,26 %	4,34 %	6,04 %
South of Sahara	89,74 %	86,47 %	72,53 %	54,98 %	60,13 %	53,62 %
North and Central America		0,15 %	3,11 %	2,28 %	4,9 %	2,92 %
South America		2,58 %	2,01 %	1,20 %	0,9 %	2,15 %
Far East Asia	3,99 %	0,11 %	2,50 %	1,77 %	2,62 %	2,07 %
South and Central Asia			5,30 %	29,23 %	13,35 %	7,55 %
Middle East			2,64 %	3,34 %	2,01 %	1,18 %
Oceania	0,57 %		1,16 %	0,18 %	1,41 %	1,13 %
Developing countries, unspecified***	5,7 %	0,06 %	3,81 %	5,34 %	7,94 %	14,54
Developing countries, total	3,51	110,31	179,88	677,32	1 043,42	1 319,98

³⁰ These countries and territories were: Senegal, French Sudan, French Guinea, Ivory Coast, Dahomey, Mauritania, Niger and Upper Volta; Middle Congo, Ubangi-Shari, Chad and Gabon; Saint Pierre and Miquelon, the Comoro Archipelago, Madagascar and dependencies, French Somaliland, New Caledonia and dependencies, French Settlements in Oceania, Southern and Antarctic Territories; The Autonomous Republic of Togoland; The trust territories of the Cameroons under French administration; The Belgian Congo and Ruanda-Urundi; The trust territory of Somaliland under Italian administration; Netherlands New Guinea (European Community 1957).

	1990	1995	2000	2005*	2008
Europe	-0,72 % **	5,82 %	26,82 %	12,55 %	20,73 %
North of Sahara	4,78 %	6,26 %	7,4 %	8,3 %	7,87 %
South of Sahara	59,04 %	37,75 %	24,93 %	36,85 %	33,79 %
North and Central America	4,49 %	8,55 %	4,39 %	3,81 %	4,03 %
South America	4,97 %	4,16 %	2,98 %	3,33 %	3,13 %
Far East Asia	3,78 %	4,34 %	4,56 %	3,67 %	3,1 %
South and Central Asia	6,11 %	8,6 %	6,74 %	9,46 %	8,62 %
Middle East	2,1 %	4,63 %	5,07 %	5,94 %	7,12 %
Oceania	2,43 %	1,68 %	1,21 %	0,98 %	0,65 %
Developing countries, unspecified***	9,31 %	16,73 %	14,21 %	11,46 %	10,10 %
<i>Developing countries, total</i>	2 562,86	4 722,79	4 414,01	8 686,53	14 427,68

Source: Based on OECD.Stat, DAC2a.

Notes: This table shows only ODA, excluding OA. The numbers are ODA disbursements presented in percent of total aid to developing countries. The total ODA to developing countries is presented in current US dollars. The numbers do not add up to 100 % of EC aid to developing countries, as minor aid allocations to unspecified regional groups are excluded.

*From 2005 the Part II list of ODA recipients was abolished.

**Net disbursements will be negative for years where repayments on loans made by the recipient country exceeded ODA disbursements to that country. ODA = grants + loans – repayments of loans. In DAC statistics, loan payments are recorded as negative.

*** “Developing countries unspecified” indicates that the aid went to developing countries, but that the exact recipients were unknown at the time of reporting.

Table 6.2 shows that the EC aid allocation to Africa South of Sahara has been high, amounting to more than fifty percent of total aid to developing countries until 1995, when the amounts dropped dramatically to 37 percent of total ODA to developing countries. Since the agreement of the MDGs in 2000, a year that also was a low point for the EC-Sub Saharan Africa allocations, the allocations to Africa south of Sahara have increased somewhat, but it has not reached the heights of previous allocations. However, just like the downfall in ODA to the LDCs, the decrease of aid to African countries is not merely a European trend. ODA from the OECD countries to Sub-Saharan Africa actually fell from 31 percent in the mid-80s to 27 percent in 1997 (Norberg 2000). These trends are also interconnected, as most LDCs are located in Sub-Saharan Africa.

The explanation to the decreasing allocations to Sub-Saharan Africa lies in the change of focus towards the EU neighbouring countries. This becomes clear in Table 6.2, which shows that from 2000, the European region experienced a significant increase in aid allocation. The ODA allocations to Europe were very low (except in 1965) until 2000, when it suddenly increased to almost 27 percent of total ODA to developing countries. This was even before the part II list of recipients was abolished, which means that until 2005, the aid presented in Table 6.2 was in addition to the OA flows to Europe this year. The situation in Europe in the 1990s with the turmoil in the Balkans can to a certain extent explain the sudden rise of aid to Europe, considering that Bosnia-Herzegovina, Serbia, Croatia and Macedonia were among the main recipients (OECD 2010d). Rebuilding Balkan was important for security in Europe, as these countries were torn by war and conflicts. Also, aid was allocated to these areas to help stabilise the situation because the instability in these countries also added a fear for increased immigration to the EU (Olsen 2005: 583). These countries were also poor, but more in terms of the relative concept of poverty³¹. Another country that received substantial amounts of aid from the EC during this time period was Turkey, receiving 15 percent of total aid to developing countries in 2000 (OECD 2010d)³². As shown in Table 6.2, the Middle Eastern countries also experienced an increase of aid allocations from 1995, continuing into the 2000s. Cox and Chapman (2000: 73) argue that the steep increase in aid to the Middle Eastern countries and Turkey was due to the special support these countries received after the Gulf War. However, Turkey was a special case to the EU, as it had long been an applicant for the European Economic Community. In 1999, the EU gave Turkey candidate status, which entailed that it received pre-accession financial assistance (European Commission 2010b).

Olsen (2005: 576) argues that the end of the Cold War introduced new priorities that influenced the EU policy towards poor countries. These were characterised by two trends; 1) widening aims, from the original goal of promoting social development towards an increasing focus on the promotion of stability, security and democracy, and 2) a changing geographical focus, from its former emphasis on Sub-Saharan Africa to higher priority of North Africa and Europe. It is evident that these trends are interconnected, as the main reason for the increase in aid to the neighbouring countries of the EU was to increase stability, promote democracy, and ensure security close to the EU borders. Hence, the strategic interests of the EU shifted

³¹ These countries were listed as low middle income countries in 2000 by the DAC, except for Croatia, which was listed as upper middle income. Serbia was moved to the UMIC group in 2008.

³² Turkey was listed as an upper middle income country by the DAC in 2000.

from helping its former colonies, to a focus on the geo-political importance of its neighbouring countries. With this change of focus, the EU aid allocation also became less focused on helping the countries in absolute poverty.

Aid from the EC to the developing world outside the ACP group has traditionally received little attention and political priority (Laffan 1997: 169). Table 6.2 shows that the aid allocations to South America were relatively low the entire time period from 1960 to 2008. Olsen argues that the Latin American countries were not included in the initiation of European Community development policy because of the lack of direct colonial ties to any of the Member States (Olsen 2005: 584). This is displayed in the very limited aid disbursements to the region until 1990. However, the accession treaty with Spain and Portugal in 1985 had a provision that aid to Latin America would be increased (Van Reisen 2007: 45). This can be seen from the increased aid to South America from 1985 to 1990. Still, this increase was not substantial, as it amounted to an increase of only two percent of total ODA to South America, and in fact decreased again after 1990. The Asian countries were not a priority to the European Community either, which is more puzzling considering the fact that this region had colonial ties with Europe (Olsen 2005: 584). In 1988, the European Parliament insisted on increased resources to aid programmes, and set up a separate co-operation scheme for Asia and Latin America, while at the same time stating that the cooperation should be strictly poverty-orientated (Van Reisen 2007: 45-46). However, as opposed to South America, actual aid disbursements to Asia did not seem to increase. In fact, aid to South and Central Asia decreased from almost 30 percent in 1975 to approximately 6 percent in 1990, whereas Far East Asian aid had a small increase from 1,77 percent in 1970 to 3,78 percent in 1990. Aid to all these regions have remained relatively stable or declined somewhat since 1995 and onwards. Van Reisen (2002: 16) emphasises that the allocations to Asia have been very low, especially considering that the largest amount of poor people live in Asia.

The decreasing focus on the Asia and Latin American regions can be explained by a Commission statement in 2003, which expressed that development policy was no longer the basis for its activities in Asia and Latin America. The statement was followed by a decision to move these regions from the chapter on development to the chapter on external relations (Van Reisen 2007: 57). This is in line with Göran Hyden's prediction:

Indeed, foreign aid is likely to cease being an important global activity because most countries in both Asia and Latin America will have developed to a level where other forms of capital and expertise will be more attractive (Hyden in Riddell 1999: 309).

Based on the ODA allocations shown in Table 6.2, the focus areas of the EC seem to have moved towards the European countries after the fall of the Berlin Wall, and away from the poorest countries. The EU has thus been forced to consider its interests as a regionally based organisation, at the expense of its altruistic donor goals. The change of focus also entails that the poverty-orientation has tended towards the more relative definition of poverty in the past two decades. The next section will provide insight into how the ACP countries have been affected by the changing regional priorities.

6.1.3 *EU relations with the ACP countries*

As shown in chapter four, the EU has had a special relationship with the African Caribbean and Pacific (ACP) countries since the initiation of its development policy, when the Treaty of Rome established an association with the former colonies. Van Reisen describes the origin and development of the ACP-EC cooperation by saying that “It can be shown that Europe’s relations with developing countries were built and expanded upon the basis of previous colonial connections” (2007: 31). Since then new treaties have been created and the objectives of the development policy have ceased to include only including associated countries. At the same time, the relationship with the ACP countries has expanded, and the group of associated countries has grown to include a majority of the world’s poorest developing countries. Is the EU’s relationship with these countries as preferential as its critics claim, and does it correspond with the goals of the EU? In order to examine this, one must take a look at what types of countries are actually included in this association.

Table 6.3: Dispersion of ACP countries in income groups

	LDC	OLIC	LMIC	UMIC	MADC T
Total of ODA eligible countries and territories*	49	12	48	43	27
ACP	40	6	11	21	1

Source: Based on OECD distribution of countries and territories into different income groupings and list of ACP countries.

Notes: This table is based on which income group the ACP countries belonged to in 2010.

* Some of the ODA eligible countries and territories are overseas territories of European states.

Table 6.3 shows that of the 79 countries in the ACP group, 40 of them are least developed countries (LDCs)³³. This leaves only nine out of a total of 49 LDCs which are not in the ACP group. Six ACP-countries are other low income countries (OLIC), eleven ACP countries are low middle income countries (LMIC), 21 countries are upper middle income countries (UMIC) and only one country, Bahamas, is in the most advanced developing country and territories grouping (MADCT). This shows that a substantial amount of the ACP countries are also among the poorest, as approximately 58 percent of the countries are found in the low income groupings. Of these countries, the main beneficiaries were all in the low income groupings (OECD 2010d)³⁴.

Table 6.4: Dispersion of ACP-countries in regional groups

	Sub-Saharan Africa	North and Central America	South America	Far East Asia	Oceania
Total of ODA eligible countries and territories*	51	30	13	18	19
ACP	48	14	2	1	14

Source: Based on the OECD continent groupings, ODA eligible countries and territories (2010), and list of ACP countries.

* Some of the ODA eligible countries and territories are overseas territories of European states.

As for regions, Table 6.4 shows that 48 countries in the ACP groups are located in Sub-Saharan Africa, while 14 are located in North and Central America, 14 are located in Oceania, two are located in South America, and one, East Timor, is located in Far East Asia. This shows a great focus on Sub-Saharan Africa, as there are only three ODA eligible territories in this region which is excluded from the ACP group³⁵. Furthermore, Cox and Chapman (2000: 51) notes that in the ACP group the Sub-Saharan countries have been the main beneficiaries of EC aid.

The discussion about the preferential treatment of ACP countries has focused on the colonial status of the member states, which has overshadowed the actual income status of the group's members. In reality, the ACP countries include many countries in the lower income groups,

³³ A table of which ACP countries belong to the different income groups or regions is added in the appendix.

³⁴ Burkina Faso, Cameroon, Democratic Republic of the Congo, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Madagascar, Mali, Malawi, Mozambique, Rwanda, Niger, Nigeria, Senegal, Sudan, Tanzania, Uganda, Haiti.

³⁵ The eligible territories are East African Community, Mayotte and St.Helena. Mayotte is French territory, while St.Helena is British territory.

although 22 countries in upper-middle income groups are also included. This suggests a more nuanced picture of the EU's aid allocations to the ACP group being strictly strategic rather than poverty oriented. Also, the fact that countries of interest are also poor countries makes it difficult to assess whether it is the poverty or the interest in the ACP countries that create the motive for aid allocation to this group. It might be both. This is in line with Lumsdaine's (1993: 73) argument that different motives, like development motives and colonial ties, sometimes work together, and should therefore be seen as complementary, instead of mutually excluding explanations. Furthermore, in the 1970s and early 1980s the cooperation under the Lomé agreement was admired as innovative and as an example for future regulations of the North-South relations, not only in Europe and the developing countries, but also within a broader international audience (Degnbol-Martinussen and Engberg-Pedersen 2003: 127; Hewitt and Whiteman 2004: 136). Thus, the relationship between the ACP countries and the European Union has also been perceived as a well-functioning cooperation, and not only as a tool for strategic politics from the EU's part.

Table 6.5: EC aid to the ACP-group

Recipient/ year	1960	1965	1970	1975	1980
ACP countries in percentage of total aid	89,74 %	88,65 %	73,74 %	55,35 %	60,56 %
ACP-countries Actual disbursements	3,15	97,79	132,65	374,89	631,9
Developing countries, total	3,51	110,31	179,88	677,32	1 043,42

Recipient/ year	1985	1990	1995	2000	2005*	2008
ACP countries in percentage of total aid	49,79 %	64,59 %	41,73 %	23,88 %	35,37 %	33,51 %
ACP-countries Actual disbursements	657,29	1 655,4	1 970,61	1 054,24	3 072,61	4 834,56
Developing countries, total	1 319,98	2 562,86	4 722,79	4 414,01	8 686,53	14 427,68

Source: Based on OECD.Stats, DAC 2a.

Notes: The numbers are ODA disbursements presented in current US dollars.

*From 2005, the part II list of ODA recipients was abolished.

Table 6.5 shows that the aid allocations to the ACP countries were very high in the 1960s. This is not surprising, as the Treaty of Rome stated an emphasis on the associated countries during these years. According to Smith (2004: 60), the ACP countries were at top of the

Community's 'pyramid of privileges' during the Cold War, which is displayed in the high allocations to this group in the Cold War years. Schneider and Tobin (2009) argue that aid to the ACP countries decreased after the iron curtain fell, and new poor Member States were admitted to the EU. They argue that the focus shifted from the ACP countries to the new Member States in the EU, because they were more strategically important to the EU than the ACP group. Still, ODA allocations did not decrease substantially in the aftermath of fall of the Berlin wall. Table 6.5 shows that in 1990 the ODA to the ACP group remained quite high; amounting to approximately 65 percent of total aid to developing countries. These allocations did not decline substantially until 2000, when only about 24 percent of ODA was allocated to the ACP countries. As discussed in the previous section, the sudden drop of ODA allocation to the ACP group in 2000 must be seen in relations to the increased focus on Europe in the same time period. However, it was the Balkan countries and Turkey that were the main beneficiaries of these allocations, not the new Member States. These countries also received substantial amounts of aid, but as they were in the part II list of recipients, their allocations were listed as Official Aid, not ODA. As shown in section 6.1, the total aid allocations to developing countries did not decline due to the fall of the Berlin Wall. Hence, the allocations to the part II countries were not part of the reason for the change of priorities in ODA allocations. Considering that the ACP group includes most of the LDCs and Sub-Saharan countries, the relatively high ODA allocation to the ACP group until the 1990s can to a certain extent correspond with recipient needs.

6.1.4 New priorities: EU and part II countries

The allocations of Official Aid started in 1990 after the fall of the Berlin Wall, when several states were made independent from the Soviet Union. Therefore, as noted in the theory chapter, including OA in the analysis is important, as EC indeed has spent substantial amounts on aid allocations in these regions, as Table 6.6 indicates. Apart from seeing how OA is spent, it is interesting to see whether the OA allocations have seemed to influence the size of the ODA allocations in this time period. Furthermore, the direction of OA can give us an understanding of what has motivated the EU to allocate aid to these regions, and whether these allocations can be seen as corresponding with the EU's goals.

Table 6.6: EC aid to Part II countries

	1990	1991	1992	1993	1994	1995	1996
CEEC	100%	80,71%	62,67%	68,82%	70,46%	50,20%	66,02%
NIC		19,29%	37,33%	31,18%	29,54%	44,58%	20,41%
MADCT							-0,09%
Total percent	100%	100%	100%	100%	100%	94,78%	86,34%
Part II, total disbursements	397,46	1 560,96	818,98	707,69	1 234,57	1 216,26	1 434,48

	1997	1998	1999	2000	2001	2002	2003	2004*
CEEC	66,57%	75,51%	78,56%	81,2%	81,55%	79,86%	78,84%	84,19%
NIC	26,19%	19,73%	17,39%	14,85%	13,37%	19,28%	13,6%	10,04%
MADCT	3,83%	2,15%	2,31%	1,98%	2,29%	0,82%	2,39%	2,47%
Total percent	96,59%	97,39%	98,26%	98,03%	97,21%	99,96%	94,83%	96,7%
Part II, total disbursements	1 440,65	2 409,46	2 817,55	2 801,63	2 682,7	1 852,4	3 169	4 233,7

Source: Based on OECD.Stat, DAC2a.

Notes: The numbers are ODA disbursements, presented in current US dollars. The numbers do not add up to total part II aid, as minor budget lines are excluded.

* 2004 is the last year with reported numbers for OA, as the part II list of OA recipients was abolished in 2005. Part II list countries are reported as receivers of ODA from 2005.

** A list of which countries received aid from the EU within the different regions is added in the appendix.

The data for part II countries were recorded from 1990. As seen in Table 6.6, the part II countries were mainly comprised by Central Eastern and European Countries (CEECs)³⁶ and New Independent States (NIS)³⁷, with small amounts flowing to the MADCT³⁸. Table 6.6 shows that the CEECs have been the principle beneficiaries of Official Aid throughout the 1990s until 2004. As noted by Cox and Chapman (2000: 11), the commencement of the *Phare programme* in 1990 marked the beginning of significant EC cooperation with the Eastern European region. The decision to allocate such substantial amounts to this region corresponds with the fact that, with the exception of Albania, all of the countries in the CEECs group were part of the new Member States included the EU in 2004 and 2007³⁹. The aid to the part II group has, with the exception of 2002, increased considerably since 1998. Cox and Chapman (2000: 101) further argue that the rapidly increasing amounts to the CEECs underline the responsiveness of the *Phare programme* to the increasing political and hence financial

³⁶ Central and Eastern European Countries which received OA during this period are Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and the Slovak Republic.

³⁷ New Independent States which received OA during this period are Belarus, Moldova, Ukraine and Russia.

³⁸ MADCT countries which received ODA in this time period have been transferred from the part I list. In 1996 the following MADCT countries were transferred from the part I to the part II list: Bahamas, Brunei, the United Arab Emirates and Singapore. From 1997 the following MADCT countries were transferred to the part II list: Cayman Islands, Cyprus, Falkland Islands, Chinese Taipei, Hong Kong and Israel. In 2000, Aruba, Netherlands Antilles, Virgin Islands, Macao, French Polynesia and New Caledonia progressed to the part II list. From 2003, Malta and Slovenia progressed to the part II list (OECD 2009b).

³⁹ Albania has applied for membership, but is not yet an official candidate country.

demands that were made in this period. This is in line with Smith's (2004: 61) argument that politicisation of EU aid began after the Cold War with the CEECs, and is displayed through the strings attached to the Phare programme. Five criteria governed access to the programme: establishment of the rule of law, free elections, respect for human rights, political pluralism, and progress towards a free market (Laffan 1997: 152). While the CEECs received the brother part of the OA allocations, substantial amounts were also distributed to the NIS countries. This was due to the *Tacis programme*, a technical assistance programme for the former USSR countries, which began its operations in 1991 (Cox and Chapman 2000: 111). Although the end of the Cold War gave new incentives to emerging democracies, it also caused the former satellite states to erupt into conflicts and civil wars (Malmqvist 2000). The great disbursements to these two groups of countries show the geo-political importance of this region to the EU after the fall of the Berlin Wall in two respects; First, ensuring security and stability was important because of their geographical proximity to the EU, and second, substantial assistance was allocated in order to promote democracy and prepare these countries for accession to the EU. The Commission itself has justified these types of allocations, in stating that "By helping others, the EU helps to make life safer within its frontiers for its own citizens" (European Commission 2007: 3). However, these allocations have also been subject to criticism considering what the main motive behind EU aid is. Degenbol-Martinussen and Engberg-Pedersen (2003: 125) argue that the high aid allocations to CEECs and NIS indicates that poverty alleviation is not the overriding EU objective.

These countries were all fairly new aid recipients, which entered the competition for funding against the more traditional recipients in Africa, Asia and Latin America, the latter type which had and still have, acute need for aid (Schraeder et al. 1998: 294). Cox et al. (2000: 26) argue that the decision to allocate increasing resources to part II countries during the 1990s often occurred at the cost of falling shares of total aid budget for the poorest countries. All though Table 6.2 showed decreasing flows to the poorest regions, total disbursements of ODA to the developing countries continued to rise⁴⁰. However, with the abolition of the part II list of aid recipients, the total ODA disbursements were almost tripled from 2000 to 2008. It is therefore difficult to blame the allocations to these groups for the decreased assistance to the poorest regions. In this respect, it does not seem like the OA to part II countries "covers up the

⁴⁰ Note that this thesis considers the aid disbursements, that is, the actual allocations of aid, and not the budgetary commitments. The difference between commitments and disbursements can be substantial.

picture” of how the ODA disbursements have changed. The sectoral allocations of the EC might tell us more about the poverty focus of the EU.

6.1.5 Which sectors are prioritised?

The EU’s development cooperation aims to give disadvantaged people in the third world control over their own development. This means attacking the sources of their vulnerability, including poor access to food and clean water, or to health, education and jobs and a sound environment (European Commission 2007: 10).

This statement in a Commission report displays the EU emphasis on improving certain sectors within the developing countries. McGillivray argues that while it is widely acknowledged that aid may reduce poverty through its impact on economic growth, “it must also be recognized that aid can reduce poverty through other channels” (McGillivray, 2003 in Thiele et al. 2007: 2). Spending aid in the pro-poor fields of basic education and basic health are often noted in this context (Thiele et al. 2007: 2). Since year 2000, the EU has through the MDGs committed itself to give a special focus on eradicating poverty through the promotion of health, education and environment. Furthermore, Thiele, Nunnenkamp and Dreher (2007: 4) argue that most donors’ sectoral aid composition appears to be in line with a multi-dimensional objective function rather than one that narrowly focuses on economic growth. This also seems to be the case with the EC, as aid allocations are widely spread across different sectors. Hence, analysing the aid allocation to different sectors might further reveal whether the EU prioritises the sectors they claim to focus on. It will also indicate whether the EU from the year 2000 has considered the MDGs to a notable extent when prioritising aid to different sectors.

When analysing the sectoral allocations, one must note that ODA can be given in various forms, which can be directed at projects with different goals of accomplishment. An important distinction is the difference between humanitarian and development aid. Humanitarian aid is applied to areas of crisis or emergency such as war, famine or natural disasters, and aims to save lives and ensure human dignity, by ensuring that people have food, water and medicine. Development aid however, seeks to alleviate and hinder the underlying socioeconomic problems that may cause crisis or emergency, as well as improve the general economic, social and political climate of the developing country (Norberg 2000). This can be done through building infrastructure such as roads, hospitals, schools and the like. Thus, one may say that

humanitarian aid seeks to solve short term problems, whilst the goal of development aid is to help build a society that is more self-supporting in the long term. While the objectives noted in the development policy will be labelled as development aid, humanitarian aid is also a necessary and important part of the aid allocation. Both are recorded as ODA.

Some of the posts which are recorded as ODA are said to not be directly beneficial in terms of reducing poverty in the recipient developing countries. These posts are administrative costs, refugees in donor countries and debt forgiveness. Criticism has been given, especially from international NGOs, to the EU for including these costs in the total ODA and hence “inflating” the EC’s performance as a donor (Kovach and Wilks 2006). Kovach and Wilks (2006) argues that one third of EU aid in 2005 did not provide any new resources for developing countries, because these amounts instead were spent on debt cancellations and for refugees and students in donor countries. They also argue that debt cancellations will do little to fight poverty, and that these measures therefore cannot rightfully be called development assistance, because they do not provide *new* resources for developing countries (Kovach and Wilks 2006). However, it is unarguable that providing ODA for sectors such as social and economic infrastructure and services, production sectors and commodity aid, can be said to be directed against the goals of providing sustainable, social and economic development.

Table 6.7: EC aid according to sectors⁴¹

	1985	1995	2000	2005	2008
I. Social infrastructure & services	12,89%	26,49%	25,29%	40,23%	27,29%
I.1 Education*	5,48%	2,03%	5,42%	6,56%	4,42%
I.2 Health*	0,79%	3,57%	4,08%	5,41%	2,06%
II. Economic infrastructure and services	18,98%	16,84%	16,21%	17,09%	24,12%
III. Production sectors	37,18%	17,29%	8,60%	6,24%	6,32%
IV. Multisector/ Cross-cutting		6,93%	8,7%	5,48%	9,59%
IV.1 General environment protection		1,34%	1,9%	2,34%	2,23%
V. TOTAL SECTOR ALLOCABLE (I+II+III+IV)	69,05%	67,55%	58,8%	69,03%	67,33%
VI. Commodity aid/General program assistance	14,68%	28,46%	20,68%	13,95%	18,69%
VI.2 Food aid	14,68%		5,94%	3,95%	1,94%
VII. Action relating to debt					0,49%
VIII. Humanitarian aid	0,93%	3,94%	12,49%	11,15%	7,79%
IX. Administrative costs of donors	3,15%		2,55%	5,42%	5,18%
X. Support to NGO's		0,003%	1,32%	0,01%	
XI. Refugees in donor countries					
XII. Unallocated /unspecified	12,18%	0,07%	4,15%	0,44%	0,53%
TOTAL (V+VI+VII+VIII+IX+X+XI+XII)	100%	100%	100%	100%	100%

Source: Based on OECD.Stat, ODA by sector.

Notes: From 1988-1994 and from 1996 to 1999 data on sectoral aid allocation is unavailable. Humanitarian aid in DAC by sector and DAC 2a do not correspond. This table is based on DAC by sector.

*Education and health are sub-categories to Social infrastructure and services. Food aid is a sub-category to Commodity aid, and General environment protection is a subcategory to Multisector/Cross-cutting. The reported numbers on these sectors are also included in the main category.

By looking at allocations before and after the agreement in 2000, one can assess whether the priorities have changed due to the MDGs, and whether the EC allocations correspond with the MDGs. The first MDG presents a wide target, of eradicating extreme poverty and hunger. In the OECD ODA by sector, food aid is part of Commodity aid. Table 6.7 shows that the percentage of aid allocated as food aid has decreased substantially since 1985, from more than 14 percent in 1985 to just under two percent in 2008. Health and education are sectors which are explicitly mentioned in the MDGs, and which are also possible to evaluate according to sectoral aid allocation. Furthermore, as noted above, these sectors should be assessed as areas

⁴¹ As seen in table 6.7, the numbers for sectoral allocation are incomplete, as reported numbers for several years are lacking. Therefore, the table has been reduced to comprising of five years from 1985 until 2008. Reported numbers for the years around 1990 are non-existent.

which contribute to reducing poverty. Targets two and three sets out to achieve universal primary education and reduce gender disparities in education, while targets four, five and six seek to promote health issues, such as reducing child mortality and improve maternal health, as well as to combat HIV and AIDS (World Bank 2004). The Commission also emphasises that its aid should support economic reforms, health and education, infrastructure programmes and in some cases cooperation in areas like research and development and environmental policy (European Commission 2007: 4). However, Table 6.7 shows that the EC allocations to these sectors are limited, as education has received around five percent of total ODA to developing countries each reported year, while aid to health sectors has been even lower, with the highest allocation amounting to around five percent in 2005. Hence, the commitment to the MDGs in 2000 does not seem to have influenced the EC aid allocation to these sectors.

The seventh goal of the MDGs focuses on environmental stability. The focus on environment is important as climate change causes natural disasters, such as drought, floods and storms, which again may cause disease and lack of food and water. Climate change will affect all people, but it will affect the poorest people in poor countries the most. Hence, the fight against poverty and climate change must be unified (Solheim 2010). However, Table 6.7 shows that the EC allocations to general environment protection have been very limited.

Cox and Chapman (2000: 126) argue that due to the high EC contributions to programme aid, food aid and humanitarian aid, allocations to other sectors tend to be lower than the OECD average. However, Table 6.7 shows that, on average, sector allocable aid constitute the majority of EC aid. Aid to these sectors is distributed to primary, secondary and tertiary industries, government and civil society, water and sanitation, along with health and education. These are all sectors which can directly help reduce poverty in the recipient country. Hence, the criticism from NGOs that the ODA levels were “inflated” based on alleged high allocations to debt-cancellation, administrative costs and aid to refugees in donor countries seems to be unreasonable, as the reported numbers to these sectors are insignificant. As noted, most aid is sector allocable aid, commodity aid and humanitarian assistance, which all aim at reducing poverty.

6.1.6 What about recipient merits?

Not only is Europe the leading international aid donor, but it is uniquely driven not just by economic goals but by a philosophy based on the democratic and human values that are the bedrock of the European identity (Lambert 1997: 2).

The EU's policies on allocating aid to countries with good governance, respect for human rights, the rule of law and democracy, is closely linked to its policies on using conditionality in order to making the recipient countries comply with these goals. According to Smith (2005: 23), conditionality is "the linking, by a state or international organisation, of perceived benefits to another state (such as trade or aid concessions) to the fulfilment of economic and/or political conditions". Conditionality can be positive or negative in kind, where the first entails promising benefits to a state that fulfils a set of conditions, whereas the latter involves reducing, suspending or terminating such benefits if the conditions are violated. Smith (2005) argues that the EU's use of positive conditionality has increased.

Connecting aid with conditionality began after the end of the Cold War, with the new programmes for aid to the CEECs and NIS. As noted earlier, the OA allocations to the CEECs and NIS through the Phare and Tacis programmes were partly intended to promote democratic values such as human rights, rule of law, free elections, political pluralism, as well as progress towards a free economy⁴². With the CEECs, the EU had a carrot for making the recipient countries comply with the criteria; EU membership. This made it easier to monitor and withhold assistance if the recipient countries did not comply with EU demands. According to Laffan (1997: 169), the EU Member States recognised the view that the EU could not impose strict conditions on the former communist states without transferring these criteria to the other developing countries. Thus, a human rights clause was transferred to the ACP countries with the fourth Lomé Convention, and from 1995 the EU threatened to suspend cooperation with countries who violated human rights (Neumayer 2003: 11). In the 1990s, the EU more and more often resorted to the use of sanctions against developing countries that had disrespected human rights, democracy and governance norms (Arts and Dickson 2004: 10). There are some examples of how conditionality has been used: In 1994, the EU suspended negotiations on

⁴² The OA allocations to the CEECs and NIS also consisted of aid financed outside of the Phare and Tacis programmes, such as humanitarian assistance managed by the European Community Humanitarian Office (ECHO) and food aid managed by European Agricultural Guidance and Guarantee Fund (EAGGF). However, the vast majority of allocations to these countries have been made through the Phare and Tacis programmes (Cox and Chapman 2000: 106, 111).

financial transfers with ten ACP countries due to the deteriorating political situation in those countries (Laffan 1997: 168). Furthermore, in November 1995, the Commission suspended ECU 225 million in aid allocations to Nigeria under the Lomé Convention after the execution of nine human rights activists including the writer Ken Saro-Wiwa by the Nigerian military regime (Laffan 1997: 169)⁴³.

Previous research has shown that the EC does not consider recipient needs when allocating aid (Berthélemy 2006). The European Centre for Development Policy Management (ECDPM 2002) has acknowledged the difficulties of following up the “good governance” criteria. Although the goals are quite clear, the challenges lie with the fact that effective implementation is complicated. The ECDPM list several problems the donors face in implementing these policies: lack of detailed knowledge about the political setting, lack of insight into complex processes of political and societal changes and lack of effective coordination mechanisms, to mention a few (ECDPM 2002). There is also another problem in implementing ‘good governance’ criteria. As opposed to human rights and democracy which are protected by international law norms, good governance lacks legal definition, and is perhaps not a legal definition at all. This has led to the EU acting against ‘bad governance’ and hence violated relative international law (Arts and Dickson 2004: 10). The EU has therefore tried to legalise its actions by incorporating detailed good governance criteria in its cooperation agreements. This has been done in the Cotonou agreement of 2000, but still the enforcement mechanism for good governance is applicable only for cases of serious corruption (Arts and Dickson 2004: 10). These issues show that, although the goals are quite explicit, there are several challenges involved in implementing good governance criteria.

More recently, in 2007, the EU created a development programme called European Instrument for Democracy and Human Rights, which covers all third countries⁴⁴. The programme promotes and supports human rights through civil society projects and through supporting regional and international organisations such as the Council of Europe, the Organisation for Security and Co-operation in Europe (OSCE) and the UN High Commissioner for Human Rights (European Commission 2010d). Yet, the budget line is quite limited, with 1.1 billion euro for 2007-2011 (European Commission 2009b).

⁴³ ECU is European Currency Unit, a former European currency unit which was the predecessor to the euro. It consisted of a currency scale of all the Member States currencies.

⁴⁴ Third countries are all countries the EU has external relations with.

6.2 WHO HAS INFLUENCED AID ALLOCATION?

The sections above have shown that there have been great changes in terms of which regions that have been prioritised. The analysis also shows that since the 1990s, the EC's aid allocation has been more focused on its neighbouring states. Hence, the focus has moved towards a more relative definition of poverty, whereas the goals and objectives have increasingly been oriented towards the poorest countries and regions. This opens for the question: Who has been responsible for the directions of the aid allocations? Assessing whether the EU Member States or mutual EU interests have influenced the aid allocation is important and necessary both in terms of assessing whether the EC is an independent actor, and in order to understand how the EC acts as a multilateral donor. According to the theoretical postulations, the independence of the EC also entails that it should follow the stated goals for development policy, and that strategic interests should have no or little magnitude in the actual aid allocations of the EC. As previously discussed, this hardly seems to be the case.

The initiation of the development policy of the European Community and the establishment of relations with the former colonies, was obviously the result of the former colonial powers, mainly Belgium and France at the time (Neal 2007: 179; Bretherton and Vogler in Van Reisen 2007: 30). Germany and the Netherlands were actually strongly opposed to the initial proposals for "association" (Van Reisen 2007: 31). However, the Member States agreed to share part of the financial cost of assisting their former colonies, especially in Africa, as this secured their independence (European Commission 2007: 4). The finding by Berthélemy that EC aid is influenced by British commercial powers can be seen in relation to the expansion of the ACP cooperation, which with the accession of the UK in 1973 to the European Economic Community expanded to include the Commonwealth. The development assistance then grew to include partners in the Anglophone Africa, the Caribbean and the Pacific (Arts 2004: 102). Furthermore, as noted in chapter four, the inclusion of Spain and Portugal expanded the development policy to also include Latin America. However, as shown in Table 6.2, the allocations to these regions remained limited. Moreover, the formation of the EU's progressive aid goals and comprehensive aid instrumentation were heavily influenced by Denmark and the Netherlands (Degnbol-Martinussen and Engberg-Pedersen 2003: 128; Hewitt and Whiteman 2004). Siraj (2009: 8) notes that a development cooperation that originates from a colonial dependency is in contrast with multilateral donors, while similar to many bilateral donors. The scope of developing countries embraced by the EU development

policy seems to have been influenced by the important focus areas of the different new Member States. This is displayed by the fact that every enlargement in the EU has increased the scope for development cooperation, both in terms of regional coverage as well as the kind of approaches adopted (Van Reisen 2007: 59). Member States have often pushed for EU action in their specific areas of interest, because it supplements their own activities, and because they together can make a greater global impact than what is possible for one country alone (Smith 2004: 64).

There have also been changes in the priorities of the EU, which to a greater extent reflect the interests of the EU as a whole, rather than that of individual Member States. This especially is the case for the changes made in the prioritised areas for aid allocation after the end of the Cold War. 'Politics of scale' are often recognised as European interests, which are similar to Schneider and Tobin's theory on aggregate of member state interests. Smith (2004: 65) notes that some types of interests can promote collective action by the EU. These are: sense of EU responsibility, security, countering US hegemony, promoting human rights and democracy. The action towards former colonies and the Eastern European countries has been labelled as originating from a sense of EU responsibility. Outbreaks of conflicts and wars have often triggered the security aspect of collective EU action. This has especially been evident when the countries in conflict are found in geographical proximity to the EU. As argued in section 6.1.4, security aspects were important to the EU action towards its neighbouring countries, and the conflicts in the Balkans and the aftermath of the Gulf War are examples of conflicts that caused a rise in aid allocations to these regions. Chapter five showed how the promotion of human rights and democracy has become an important aspect of EU external actions, expressed in the Maastricht treaty in 1992, and manifested in the EU's relations with the Eastern European countries. However, these interests have also worked together and enforced the common EU interests, especially towards the Eastern European countries, as aid allocations to these countries were influenced both by security aspects, a sense of EU responsibility, and promoting democracy.

As the Commission is charged with upholding the interests of the Union as a whole, it is likely that it will prioritise common EU interests over the goals in the development policy when this is necessary for the security of the Union. Another way of promoting common Member State interests is through coordinating priorities, in order to have a better chance of having their voices heard and proposals adopted. Arts (2004: 104) argues that the

development ministers of 'like-minded' countries often consult each other before important meetings in the Council of Ministers, the EDF committee and other important bodies in order to better promote their common interests.

Furthermore, it is important to note that the implementation of the development policy and the actual allocations has been controlled by EU bureaucrats in the European institutions, primarily in the Commission. This is evident through the composition of the Commission in chapter five, which has been subject to many technical inter-institutional changes within the Commission, with regard to the responsibilities for development policy (Van Reisen 2007: 56). Olsen (2005: 580-581) argues that policy-making on development assistance is to a large extent restricted to elite actors based in the national aid bureaucracies as well as in the Directorate General for development. However, as displayed in this section, it seems like the outcome of development policy has reflected common EU interests, at least since the 1990s.

6.3 SUMMARISING THE FINDINGS

The analysis has shown that the strategic interests of the EC, especially expressed by historical ties and geo-political issues such as security and geographical proximity, have influenced the EC aid allocation. However, through the development policy of the EU, the EC strives to meet recipient needs by reducing poverty. Just like the development policy has changed, so has the actual allocations. This section will first summarise the findings, and then evaluate how well the EC aid allocation corresponds with the EU's development goals. The main findings; the focus of the EC aid allocations according to the theoretical dimensions and the EU development policy are summarised in Table 6.8.

Table 6.8: Summary of findings

Theoretical dimensions:	Development policy:	Actual allocations:
Recipient needs	Focus on the poorest countries and regions in the Maastricht Treaty, the European Consensus on Development, the MDGs and the Lisbon Treaty.	Focus until the 1990s.
Strategic interests	Focus on associated countries and territories in the Treaty of Rome.	Focus on previous colonies from 1960. This cooperation has been expanded until 2000. Focus on neighbouring countries from 1990.
Recipient merits	Focus on good governance, human rights and democracy in the Maastricht Treaty, the European Consensus on Development, the MDGs and the Lisbon Treaty.	Implemented since the 1990s, still challenges to implement recipient merits criteria.
Possibilities for influence	The EC should be independent of its Member States and uphold the Unions interests.	Influence by Member States in the expansion of countries covered by EC aid allocations until 1990s. Common EU interests have influenced EC allocations since 1990s.

6.3.1 *The EC: Altruistic or egoistic?*

The EU acts out of enlightened self-interest just as much as global solidarity (European Commission 2007: 2).

This statement in a European Commission report on development policy shows the EU's perception of itself as a global development actor. It is obvious, both in the development policy of the European Community and when looking at the disbursements of ODA, that the colonial ties of the EU Member States set the premise for the EC's aid allocations in its inception. In this era, the development policy was primarily influenced by the interests of single Member States. The initiation of the cooperation was limited, as it only included some 20 overseas countries and territories. This is also in line with the assumption that the decolonisation process was one of the main trends of international aid at the time. Although colonial ties were the motivation behind the EC's aid allocation in the early era, the recipient countries were also among the poorest countries of the world, as indicated by the high rate of ODA to the LDCs until the mid-1980s. The analysis shows that the EC has indeed given the better part of ODA to low income countries and the Sub-Saharan region, at least until the

1990s. Another interesting observation is the composition of the ACP group. The bias in favour of this group has, as seen in chapter four, been explained by the EC's colonial ties to these countries. This has also been part of the argumentation for the EC being an actor that bases its allocations on strategic interests. But there is another side to the coin: many of the countries in the ACP group are both low income countries, as well as located in the poorest regions. The allocation of aid to this group has therefore been in line with the EC's development policies, not just the outcome of strategic considerations. Thus, to say that the EC is insensitive to recipient needs when allocating aid, simply based on the high disbursements to the ACP countries, would be a self-contradiction. This can also be explained by White's argument that "differing motives will give rise to similar actions" (White 1974: 34 in Siraj 2009: 3), indicating that aid given on the basis of strategic motives also can benefit the poor in the same way as aid given by altruistic motives.

With the enlargements of the European Community to include several new Member States throughout the 20th century, the scope of developing countries embraced by the EC also grew substantially, while the development policy changed its focus to poverty eradication and including all developing countries. The expansion of development aid to several new associated countries and non-associated countries in Latin America and Asia entailed that the power of the EU as a global development player was enhanced, while it increased the perception the EU as an altruistic and benevolent actor. Still, despite the expansion of development policy to include new countries, the allocations to the new geographical areas in Latin America and Asia remained limited.

While the increased number of countries embraced by the European Community's development policy until 1990 primarily was influenced by the interest areas of certain Member States, the end of the Cold War led to revived common European interests. This coincides with the fall of the Berlin Wall as a second trend that is claimed to have influenced the world's donor community. In the case of the EU, it turned the EC aid away from the poorest countries towards its European neighbouring countries. Due to the new strategic considerations, the allocations of the EC changed from a focus on absolute poverty, to a more relative concept of poverty. This was due to a change of prioritised areas, which drew the focus from the poorest and neediest countries in the South, to geographically close strategic areas. The main motives behind this shift were to promote security and democracy close to EU borders. ODA to Europe increased from the 1990s and onwards, whereas ODA to Sub-

Saharan Africa decreased substantially from 1990 to 2000. These changes occurred despite the fact that ODA to developing countries was more than tripled from 1990 to 2005, and despite the fact that the development policy changed from focusing on the associated areas, to embracing all developing countries, and aiming to eradicate poverty. The change away from recipient needs was also displayed in the fall of ODA to the LDCs and other LICs, followed by increasing ODA to UMICs and LMCs. It is important to note that these decreases were not solely a trend within the EC, but also among a wider aspect of countries within the donor community. Official Aid to part II countries also increased from the beginning of the 1990s until 2005. Apart from the fact that these recipient countries were of geo-political importance to the EU, the shift in increased ODA and OA towards the European countries strengthens Schneider and Tobin's (2009) hypothesis that the fall of the Berlin Wall was a result of homogeneous interests within the EU Member States. The motives for increased aid to the CEECs and NIS were mainly based on security issues, geographical proximity, the promotion of democratic values and a sense of EU responsibility. The high allocations to the CEECs were also part of the preparation process to include these countries as EU members. With the cooperation with the EU neighbouring countries from the 1990s, the development policy of the EU also started to impose criteria for recipient merits. These criteria were later applied the whole of the EU development policy. However, applying them still remains a challenge for the EU.

The analysis has displayed the special situation of the EU as a multilateral donor, and how the two-fold role of the EC forces it to balance between solidarity in one end, and strategic interests in the other. As previously discussed, theory states that multilateral donors are more prone to allocate aid according to their goals, and hence according to recipient merits and recipient needs. The analysis has shown that the EC's emphasis on allocating aid to poor countries has varied throughout time. The declining focus on the poorest countries and regions, and the increasing focus on strategic interests might tempt us to reject the vision of the EC as an altruistic donor. Certainly, the EC cannot be seen as a "typical" multilateral donor solely driven by the needs or merits of the recipient country. Therefore, it is perhaps more appropriate to recognise the EU as a regional body with explicit political and economic interests, rather than a multilateral agency (Degnbol-Martinussen and Engberg-Pedersen 2003: 142). However, as noted in chapter two, it is unlikely that any donor would make such substantial allocations to a number of developing countries unless there is some benevolence,

and the fact that “there is no spirit moving the donors to *seek* opportunities for giving aid” (White in Siraj 2009: 3).

White argues that a donors actions in a given circumstance is primarily determined by “historical situations” in which the donor happens to find itself (White 1974: 34 in Siraj 2009: 3). The analysis has shown that historical events inside and outside of the EU have played a substantial role in the allocation of aid in two respects. First, the decolonisation process created the basis for the initiation of the European Community’s development policy. Second, the number of countries embraced by the EU development policy expanded due to the interests of Member States that were included in the EU. Third, the fall of the Berlin Wall nurtured common European interests such as security, democracy promotion, and a sense of EU responsibility towards their neighbouring countries. This is displayed in the increased aid to Europe and the Balkans around year 2000, where security issues played a significant role, whereas the high allocations of OA witnessed the importance of stability in neighbouring countries. In this respect the overarching goals expressed by the EC as a multilateral donor has not seemed to take precedence over its interests as a regional organisation. Still, labelling the EC as a donor that is solely preoccupied with fulfilling its own interests would be deceptive.

6.3.2 *Rhetoric or action?*

Donor commitments to poverty are not new, and commitments are not the same as what donors do in practice (Riddell 1999: 315).

The previous chapter showed that the promises made in the development policy of the EU have been grand, and they are characterised by a great focus on helping the poorest countries. When aid is goal- and results-orientated, this improves the quality of aid (Radelet 2004). However, although the EC has changed its strategies during the decades following the 1960s in terms of which recipient countries has been prioritised, the analysis shows that the practice of the EC’s aid allocation has not been as focused on these goals. The development policy of the EC has changed from a limited scope, to including practically all developing countries of the world. The most noteworthy observation is that from the 1960s to the 1990s when the development policy was primarily focused on the EU’s associated countries, most of the EC aid went to the world’s poorest countries and regions. However, while the development *policy*

of the EU increased its focus on poverty eradication and allocating aid to the poorest countries and regions, the *actual* aid allocations to these areas decreased substantially, while aid to middle income countries increased. Thus, while the development policy made a turn from strategic interests to focus on recipient needs, the actual allocations changed in the opposite direction.

Still, as the goals of the EU are ambitious, achieving them is not a simple task. Although the development policy has become increasingly focused on the poorest countries, the goals are not solely directed towards the low income countries. The Maastricht Treaty states a focus on *developing countries* in general, and the European Consensus on Development states a focus on both low income countries and middle income countries, while at the same time they both state a focus on the most deprived countries within these groups. Furthermore, the definition of poverty stated in the European Consensus on Development is wide, and opens to a relative understanding of poverty. Although poverty was widespread among in the Balkan it was not as widespread and extreme as is the case in war-torn African countries. Hence, it is fair to say that the EU has changed its actions towards a more relative concept of poverty, as opposed to absolute poverty, which prevails as the main goal in the development policy. Based on the wide definition of poverty and the large group of prioritised countries, it is nearly impossible to conclude that the EC has not followed its goals altogether.

The EC's efforts to allocate aid according to the MDGs are also relatively limited. In terms of following the Millennium Development Goals, allocations to prioritised sectors such as education and health have not increased since the signing of the MDGs. The MDGs state a focus on Africa, an area which has received less attention by the EC after the mid-1990s, compared to previous years. Since the MDGs were established in year 2000, the EC aid to Africa has increased by eight percent of total aid to developing countries from 2000 till 2005. Still, the allocations of the EC to Sub-Saharan Africa are far from its previous highs. Radelet (2004) argues that in order to reach the MDGs, most foreign aid should be delivered to the low income countries as these countries have the greatest needs and least access to alternative sources of funding, while middle-income countries tend to have more resources available. Considering that the time limit for the fulfilment of the MDGs is approaching quickly, the EC focus has not been as poverty oriented as necessary in order to achieve the MDGs.

The EU's focus on recipient needs can therefore be described as be two-faced. While the development policy clearly targets developing countries as the primary area of attention, the term "developing countries" is very wide. The actual allocation to the poorest countries does not correspond with the guidelines laid out in the development policy. In this respect, the EC seems to be more preoccupied with rhetoric than action in attacking the eradication of poverty, as the perceived benevolence which is stated on the Commissions web-pages on development is not transferred into their actual aid allocations to the extent stated in the aims of the development policy.

7. CONCLUSION

This thesis has analysed the motives for aid allocation by the European Commission and how these motives correspond with the stated goals and objectives for the European Union's development policy. The main findings can be summarised in three points.

First of all, this thesis has shown that the aid allocation of the EC has changed from the poorest countries and regions to the neighbouring countries of the EU, even though the EU's development policy has changed from a focus on associated countries to world-wide poverty alleviation. The change in the aid allocation is explained by the new strategic interests of the EU after the fall of the Berlin Wall. The end of the Cold War brought new security issues to the agenda, as the EU wanted to secure stability and democracy in its neighbouring states. The decrease of ODA to the least developed countries and Sub-Saharan Africa was mainly due to the war in the Balkans, and increased aid to Turkey. From the 1990s, OA flows to the CEECs and the NIS increased. The CEECs were the primary beneficiaries of these allocations, as the EU was preparing these countries for inclusion to the EU. However, the ever increasing aid flows to these regions did not seem to influence the amounts of ODA allocated. Nevertheless, the change towards strategically important areas entailed a change from allocating aid to countries in absolute poverty, to countries in relative poverty, which stands in contrast to the set goals and objectives.

Second, the EC has been influenced by its Member States until the 1990s, whose interests brought new countries to be covered by the EU development policy. This shows that the EC has not been completely independent from Member States' interests. Furthermore, this entails that the aid allocation policies may very well be influenced by the strategic interests of new Member States in the future as well. However, after the end of the Cold War, the EC's aid allocations has primarily been influenced by common European interests, such as ensuring security close to its borders, a sense of responsibility towards its neighbouring countries, and promoting democracy amongst the countries who were preparing for accession to the EU. Although strategic interests seem to have been the main reason for much of the EC's aid allocations, *inter alia* for the expansions of the countries included in the development policies; it would not be fair to say that the EC has not also focused on recipient needs, even though they may not always have been the driving force behind the allocations.

Third, the motives of the EU are displayed through the two-fold role of the EU, as something between a multilateral organisation with altruistic goals and a regional organisation with strategic interests. Although the goals of the EU show the solidarity and altruism expected from a multilateral donor, the aid allocations show that the interests of the regional organisation tend to take precedence. The analysis has shown that in terms of poverty eradication, it is fair to say that the EU is more focused on rhetoric than on action, at least towards the poorest countries and regions of the world. It is however, important to emphasise that the efforts the EU has made towards its neighbouring countries must not be undermined.

The answer to this thesis' research question is thus that the aid allocation of the EC has primarily been influenced by strategic interests. There is a discernable change in how these strategic interests are promoted over time: First, the prioritised areas were limited to the countries where the Member States had colonial ties, and second, common EU interests promoted the cooperation with neighbouring countries from the 1990s. Still, the poorest countries and regions were the main beneficiaries until the 1990s, which may entail that both the motives of recipient needs and strategic interests have worked together in determining the EC aid allocations. The strategic interests were primarily influenced by Member States until the fall of the Berlin Wall, whereas after the Cold War, common EU interests provided the incentive to allocate aid to strategic areas. Although allocating aid according to recipient merits has become a dominant view for aid allocation, not only in the EU, but also internationally, the challenges to fulfil this goal remain. Lastly, whereas the goals of the EU focus primarily on absolute poverty, the aid allocation has been more concentrated towards countries in relative poverty. These findings indicate that the EC only follows its goals to a certain extent, as the poorest countries have lost priority.

7.1 SUGGESTIONS FOR FURTHER RESEARCH

Although the EC is an independent organ of the EU, whose aid is described as multilateral, the development policy, the goals and objectives are valid for the EU as a whole. That is, as described in this thesis, the development policy implies cooperation between the Member States themselves, as well as the Member States with the EC. Analysing the EC and its Member States development policy combined would be an interesting continuation in the line of EU allocation research. As the treaties state the cooperation and convergence of developing

policy between the EC and its Member States, it would be interesting to analyse how these work together, and whether these correspond.

This thesis has focused solely on aid as part of the development policy. However, the development policy and goals for development cooperation extends beyond development aid. As seen in the Treaty of Rome, much focus was put on trade relations and assisting developing countries by abolishing custom duties on imports. That focus was continued with the Lomé and Cotonou agreements. McGillivray (2003: 6) argues that trade promotion in particular should be a donor interest. Furthermore, EU is the major trade partner with most African countries, thus the primary economic influence on Africa (Goodison and Stoneman, 2005: 16). Hence, more effort should be used to investigate how trade and aid work together to promote development and eradicate poverty.

Moreover, this thesis has shown that the policies of the EU tend to diverge from its actions. An interesting and necessary continuation of this thesis would be to show exactly how the bureaucratic processes in the EU institutions affect the creation and implementation of the development policy.

Lastly, considering how international and internal trends such as the end of the Cold War have affected the allocations of aid, an interesting topic for the future would be to analyse whether the international financial crisis that began 2008 had an impact on the EC's aid allocations. Aid is regarded as a 'soft target' when it comes to budget cuts, and therefore aid allocations might have decreased by changing priorities (ActionAid International 2006). As the financial crisis hit the European countries hard, as seen by the state deficits in several EU countries, this might have implications for the aid allocation to the poorest countries.

7.2 THE FUTURE FOR EC AID

This thesis has shown that there are challenges for the EU in the future if they want to reach their high set goals. Also, the time limit set for the MDGs is approaching quickly. On April 21st, the European Commission published its annual 'April Package' of development related policy papers, including a 'Twelve point action plan in support of the MDGs' (Davis 2010). This paper recognises many of the past challenges for aid allocation and aid efficiency, and still, 1.4 billion people live in extreme poverty, the majority of these in Sub-Saharan Africa.

New challenges, amongst them the global financial crisis, pandemics and climate change also have an impact on the fight against poverty. One important challenge, following the economic crisis of 2008 which also has created financial problems within the EU Member States, is that less money is now available for development aid (European Commission 2010a). Still, several aims in the development related policy papers only confirm the already stated goals of EU's development policy: coordination of the development policies of the EU and its Member States, prioritise the LDCs and increase aid efficiency. Furthermore, the action plan sets renewed effort to reach the MDGs by 2015, and a way forward as to how the EU should approach the challenges of reaching the goals. These include to reach the goal of delivering 0.7 percent of GNI, focus on climate change and turning its promises into practical and effective action (European Commission 2010a: 12). The last statement is perhaps the most important. The promises and goals are in place, but it is the EU's own responsibility to make sure that the policies are followed in order to help the world reach the MDGs. Year 2010 is the 'European Year against Poverty and Social Exclusion', but it remains to be seen whether the EU will increase its efforts to promote sustainable development and fight poverty.

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APPENDICES

Appendix I

Extract from the development policy in the Treaty of Rome, 1957, Part IV: Articles 131-133.

Association of the Overseas Countries and Territories

Article 131

The Member States agree to associate with the Community the non-European countries and territories which have special relations with Belgium, Denmark, France, Italy, the Netherlands and the United Kingdom. These countries and territories (hereinafter called the 'countries and territories') are listed in Annex IV to this Treaty.

The purpose of association shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole.

In accordance with the principles set out in the Preamble to this Treaty, association shall serve primarily to further the interests and prosperity of the inhabitants of these countries and territories in order to lead them to the economic, social and cultural development to which they aspire.

Article 132

Association shall have the following objectives:

1. Member States shall apply to their trade with the countries and territories the same treatment as they accord each other pursuant to this Treaty.
2. Each country or territory shall apply to its trade with Member States and with the other countries and territories the same treatment as that which it applies to the European State with which it has special relations.
3. The Member States shall contribute to the investments required for the progressive development of these countries and territories.
4. For investments financed by the Community, participation in tenders and supplies shall be open on equal terms to all natural and legal persons who are nationals of a Member State or of one of the countries and territories.

5. In relations between Member States and the countries and territories the right of establishment of nationals and companies or firms shall be regulated in accordance with the provisions and procedures laid down in the Chapter relating to the right of establishment and on a non-discriminatory basis, subject to any special provisions laid down pursuant to Art. 136.

Article 133

1. Customs duties on imports into the Member States of goods originating in the countries and territories shall be completely abolished in conformity with the progressive abolition of customs duties between Member States in accordance with the provisions of this Treaty.
2. Customs duties on imports into each country or territory from Member States or from the other countries or territories shall be progressively abolished in accordance with the provisions of Arts. 12, 13, 14, 15 and 17.
3. The countries and territories may, however, levy customs duties which meet the needs of their development and industrialisation or produce revenue for their budgets.

The duties referred to in the preceding subparagraph shall nevertheless be progressively reduced to the level of those imposed on imports of products from the Member State with which each country or territory has special relations. The percentages and the timetable of the reductions provided for under this Treaty shall apply to the differences between the duty imposed on a product coming from the Member State which has special relations with the country or territory concerned and the duty imposed on the same product coming from within the Community on entry into the importing country or territory.

4. Paragraph 2 shall not apply to countries and territories which, by reason of the particular international obligations by which they are bound, already apply a non-discriminatory customs tariff when this Treaty enters into force.
5. The introduction of or any change in customs duties imposed on goods imported into the countries and territories shall not, either in law or in fact, give rise to any direct or indirect discrimination between imports from the various Member States.

Appendix II

Extract from the development policy in the Maastricht Treat (Treaty on the European Union), Title XVII, Articles 130u-130y:

Article 130 u

1. Community policy in the sphere of development co-operation, which shall be complementary to the policies pursued by the Member States, shall foster:
 - the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
 - the smooth and gradual integration of the developing countries into the world economy;
 - the campaign against poverty in the developing countries.
2. Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.
3. The Community and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organizations.

Article 130 v

The Community shall take account of the objectives referred to in Article 130u in the policies that it implements which are likely to affect developing countries.

Article 130 w

1. Without prejudice to the other provisions of this Treaty the Council, acting in accordance with the procedure referred to in Article 189c, shall adopt the measures necessary to further the objectives referred to in Article 130u. Such measures may take the form of multiannual programmes.
2. The European Investment Bank shall contribute, under the terms laid down in its Statute, to the implementation of the measures referred to in paragraph One.
3. The provisions of this Article shall not affect co-operation with the African, Caribbean and Pacific countries in the framework of the ACP-EEC Convention.

Article 130 x

1. The Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organizations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Community aid programmes.
2. The Commission may take any useful initiative to promote the co-ordination referred to in paragraph One.

Article 130 y

Within their respective spheres of competence, the Community and the Member States shall co-operate with third countries and with the competent international organizations. The arrangements for Community co-operation may be the subject of agreements between the Community and the third parties concerned, which shall be negotiated and concluded in accordance with Article 228. The previous paragraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.'

Appendix III

Overview of ACP countries, placed in their respective income-grouping and regional grouping. The division of ACP-countries in income-groupings and regional groupings are based on the categorisation in OECD.stat.

ACP-countries	Income-grouping	Region
Angola	LDC	Sub-Saharan Africa
Antigua and Barbuda	UMIC	North and Central America
Bahamas	MADCT	North and Central America
Barbados	UMIC	North and Central America
Belize	UMIC	America
Benin	LDC	Sub-Saharan Africa
Botswana	UMIC	Sub-Saharan Africa
Burkina Faso	LDC	Sub-Saharan Africa
Burundi	LDC	Sub-Saharan Africa
Cameroon	LMIC	Sub-Saharan Africa
Cape Verde	LMIC	Sub-Saharan Africa
Central African Republic	LDC	Sub-Saharan Africa
Chad	LDC	Sub-Saharan Africa
Comoros	LDC	Sub-Saharan Africa
Congo, Dem. Rep.	LDC	Sub-Saharan Africa
Congo, Rep. of.	LMIC	Sub-Saharan Africa
Cook Islands	UMIC	Oceania
Cote D'Ivoire	OLIC	Sub-Saharan Africa
Cuba	UMIC	North and Central America
Djibouti	LDC	Sub-Saharan Africa
Dominica	UMIC	North and Central America
Dominican Republic	LMIC	America
East Timor	LDC	Far East Asia
Equatorial Guinea	LDC	Sub-Saharan Africa
Eritrea	LDC	Sub-Saharan Africa
Ethiopia	LDC	Sub-Saharan Africa
Fiji	UMIC	Oceania
Gabon	UMIC	Sub-Saharan Africa
Gambia	LDC	Sub-Saharan Africa
Ghana	OLIC	Sub-Saharan Africa
Grenada	UMIC	North and Central America
Guinea	LDC	Sub-Saharan Africa
Guinea-Bissau	LDC	Sub-Saharan Africa
Guyana	LMIC	South America
Haiti	LDC	North and Central America
Jamaica	UMIC	America
Kenya	LMIC	Sub-Saharan Africa
Kiribati	LDC	Oceania
Lesotho	LDC	Sub-Saharan Africa

Liberia	LDC	Sub-Saharan Africa
Madagascar	LDC	Sub-Saharan Africa
Malawi	LDC	Sub-Saharan Africa
Mali	LDC	Sub-Saharan Africa
Marshall Islands	LMIC	Oceania
Mauritania	LDC	Sub-Saharan Africa
Mauritius	UMIC	Sub-Saharan Africa
Micronesia, Fed. States of.	LMIC	Oceania
Mozambique	LDC	Sub-Saharan Africa
Namibia	LMIC	Sub-Saharan Africa
Nauru	UMIC	Oceania
Niger	LDC	Sub-Saharan Africa
Nigeria	OLIC	Sub-Saharan Africa
Niue	LMIC	Oceania
Palau	UMIC	Oceania
Papua New Guinea	OLIC	Oceania
Rwanda	LDC	Sub-Saharan Africa
St. Kitts and Nevis	UMIC	North and Central America
St. Lucia	UMIC	North and Central America
St. Vincent and the Grenadines	UMIC	North and Central America
Samoa	LDC	Oceania
Sao Tome and Principe	LDC	Sub-Saharan Africa
Senegal	LDC	Sub-Saharan Africa
Seychelles	UMIC	Sub-Saharan Africa
Sierra Leone	LDC	Sub-Saharan Africa
Solomon Islands	LDC	Oceania
Somalia	LDC	Sub-Saharan Africa
South Africa	UMIC	Sub-Saharan Africa
Sudan	LDC	Sub-Saharan Africa
Suriname	UMIC	South America
Swaziland	LMIC	Sub-Saharan Africa
Tanzania	LDC	Sub-Saharan Africa
Togo	LDC	Sub-Saharan Africa
Tonga	LMIC	Oceania
Trinidad and Tobago	UMIC	North and Central America
Tuvalu	LDC	Oceania
Uganda	LDC	Sub-Saharan Africa
Vanuatu	LDC	Oceania
Zambia	LDC	Sub-Saharan Africa
Zimbabwe	OLIC	Sub-Saharan Africa