EUROPEAN PARTNERSHIP POLICY: FOSTERING DYNAMICS AND FIGHTING ROOT CAUSES OF FLIGHT

Interim Report (November 22nd 2017)

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Abstract

The aim of the project is to design a policy to promote political and economic stability in the European neighbourhood, to increase its economic dynamics and to strengthen good governance. The European Partnership Policy (EPP) builds on the European Neighbourhood Policy (ENP) and focuses on providing investment and finance, but also on stimulating endogenous firms and technologies based on a cooperative approach discussed with governments, regional authorities and civil society in the partnership countries. The new approach aims to incorporate existing initiatives and the strengths of the neighbouring countries as well as programmes at the European level and those of international organisations and NGOs. It will counteract populist and nationalist movements as well as disruptive emigration. The term European Neighbourhood refers to regions which are geographically close to the EU, but do not belong to Europe and do not have a prospect of accession: the Middle East and Africa, to the South, the Black Sea Region and the successor states of the Soviet Union, to the East.

The current paper provides twelve elements of successful partnerships, some of which are well known, but are developed further here. Together, they may be game changers that support a more active European Partnership Policy which should be welcomed by either partner as it is liable to increase dynamics and wellbeing and reduce the potential for conflict and disruptive migration. The EU-Africa Summit in November 2017 and the planned renewal of the existing compact of the EU with Africa, the Pacific and the Carribbean (Cotonou) under the Austrian Presidency in 2018 are the rationales behind this interim report.

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OUTLINE

1. GOALS, OUTLINE AND LIMITS

This is an extremely important time for Europe and it's very successful long-term integration process. The US is retreating from globalisation and even more from looking at Europe positively or as a strong partner. China is confident of becoming the leading economic and political power. It is eager to gain political leverage and market access by profiting from globalisation and taking advantage of the problems in the European neighbourhood, but also from the political divide and economic weakness in Europe. European enlargement has stalled. The refugee problem, together with low dynamics and increasing inequality, has promoted populism and radical political parties. The chances of a technological lead in alternative technologies are being missed. On the positive side, cyclical recovery has been stronger than ever since the Financial Crisis, new leaders are emerging in several countries and young people are overwhelmingly pro-European.

During this phase, it is essential for Europe not only to look inwardly, but to see the opportunities in its neighbourhood – whether to the East or the South. The Euro Area is less dynamic than most other industrialised regions and suffers from high unemployment. New members have converged more quickly than during other transitions in history, the neighbourhood countries are growing more rapidly than Europe, even if fraught with internal conflicts. They are very heterogeneous in terms of income, culture, religion and political governance. The neighbourhood is rich in resources and the population is young and increasingly expeditious (in most countries). Therefore, it is attractive for other countries longing for political influence or economic resources. For all these reasons, it is important for Europe to connect more closely with the neighbourhood and to develop an active partnership without hegemonial ambitions. A wider Europe – defined as including former members of the Soviet Union, the Black Sea Region, the Middle East and Northern Africa – will grow faster than the US plus Canada and Mexico and is much larger in terms of population. Its share of global GDP will not decrease before 2050, while "Core Europe", the Euro Area or the EU with its current members, will represent ever-smaller shares of global output and Europe will be less in a position to shape economic and political development in the globalising world.

The current project analyses why Europe needs an active neighbourhood policy (Section 2) and how heterogonous but also dynamic its neighbourhood is and could be in the absence of political conflicts (Section 3). Section 4 analyses historical examples of richer countries which felt the obligation to assist regions in trouble or regions with low incomes to learn what has worked and which problems were involved. We report on the existing piecewise and often *ad hoc* attempts the

European Union has made to support neighbouring regions recently. The number and scope of the initiatives are impressing, but they were often started in response to crises.

Historic experience and political science reveal several dilemmas in the policy cooperation between steering countries and those receiving support. Section 5 shows how these can be resolved or at least mitigated. The heterogeneity of neighbours and disunity within Europe (Section 6) imply that there can be no simple solutions for a more coherent and intensive partnership, such as contracts between the European Union and a representative organisation of all neighbours, or at least Africa or the Middle East separately. Countries have to interact, as do regions and civic organisations. Multinational organisations, however, often fail to coordinate their activities with each other. A new, active partnership has to be based on a multilevel approach with different agents, activities and instruments which, however, should be coordinated and converge over time. Section 7 tries to find out how much Europe is currently investing in the neighbourhood and what financial resources might additionally be required if the cooperation should become more intensive, with advantages for both sides. We indicate how even the large sum of EUR 100bn could be raised. Section 8 reports on existing proposals for a new partnership, often taking the US Marshall Plan after World War II as a reference and focusing on Africa. Section 9 proposes twelve elements of a successful partnership, some of which are well known but developed further here. Together, these elements will be game changers that support a more active European partnership policy in the interests of both partners. It will increase dynamics and well-being and reduce the potential for conflict and disruptive migration.

Finally, in Section 10, we admit that the strategy has to be delineated and improved in an unknown territory and further development of the ideas and instruments is necessary. The EU-Africa Summit at the end of November and the planned renewal of the existing compact of the European Union with Africa, the Caribbean and the Pacific (Cotonou) under the Austrian Presidency in 2018 are the rationales behind this interim report.

2. WHY EUROPE NEEDS AN *ACTIVE* NEIGHBOURHOOD POLICY

2.1 Dynamic markets help to overcome European growth fatigue

Economic dynamics have slowed down in Europe, even before the Financial Crisis, but more so in the period thereafter. The process of catching up with the US in terms of per capita income and innovation – a stylised fact since WWII – stopped in the nineties. In the years following the Financial Crisis, European growth was very low, such that output in 2016[2] was only 5% higher than in 2008, compared to 12% in the US, and 60% in China. Unemployment rose above 10% in many member countries, decreasingly slightly during the recovery of 2016/17.

[2] Real GDP of the EU 28; cumulated figures.

Table 1: Development of real GDP 1970 until 2022

	Real GDP			Real GDP per capita		
	1970/2000	2000/2017	2017/2022	1970/2000	2000/2017	2017/2022
	% p.a.					
World	3.6	3.8	3.7	1.8	2.5	2.7
Advanced economies	3.2	1.7	1.8	2.5	1.2	1.4
USA	3.3	1.8	1.9	2.3	1.0	1.2
Emerging and developing countries	4.1	5.7	5.0	2.1	4.3	3.8
China	8.6	9.3	6.1	7.0	8.7	5.8
EU 28	2.5	1.5	1.8	2.2	1.2	1.7
Central and Eastern Europe	2.2	3.3	2.9	1.9	3.6	3.3
Black Sea Region	3.2	4.7	3.5	2.5	4.8	3.2
CIS (incl. Russia)	1.7	3.9	2.2	1.1	3.8	2.0
Middle East and North Africa	3.9	4.4	3.3	1.1	2.3	1.5
Sub-Saharan Africa	2.4	5.1	3.6	-0.4	2.2	0.9
European Neigbourhood	2.7	4.5	3.1	0.7	2.4	1.1

Notes: **Central and Eastern Europe**: Bulgaria, Estonia, Lithuania, Latvia, Poland, Romania, Slovenia, Slovakia, Czech Rep., Hungary; **Black Sea Region:** Armenia, Azerbaijan, Georgia, Moldova, Turkey, Ukraine; *CIS*: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; **Middle East and North Africa**: Afghanistan, Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen; **Sub-Saharan Africa:** Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe; **European Neighbourhood:** CIS, Turkey, Middle East and North Africa, Sub-Saharan Africa.
Source: IMF, World Bank, UNO. 2017 until 2022 IMF forecast.

Most neighbourhood countries are dynamic markets. The Black Sea Region, North Africa, Turkey and the Middle East are reporting GDP growth of 3% or more. Output doubled between 2000 and today and is 30% higher than at the start of the Financial Crisis. Catching up even persists in the context of political instability. Whenever conflicts end or are mitigated, growth rates recover. Consequently, medium and long-term forecasts predict growth to lie above 3 % for the European neighbourhood. This could be a very dynamic market for European exports, but also an attractive location for products which require low production costs yet would profit from shorter geographic distances.

2.2 Stability limits illegal and disruptive migration

The European population is ageing and will decline by 1.2% in the EU27 between 2017 and 2050. The potential workforce (if defined conservatively by constant employment shares per age group) is predicted to decline by 20 million by 2030. If (i) working life is extended in line with increasing life expectancy, (ii) labour market participation rates rise and (iii) the skill mismatch is reduced, the labour shortage due to ageing is lower (Aiginger, 2016). Nevertheless, some net inward migration is needed to stabilise the labour supply. Raising the number of children per woman would limit the burden of pensions per active worker (replacement ratio) and prevent pension reforms exacerbating old age poverty.

Table 2: Development of population 1970 until 2050

	1970/2000	2000/2017	2017/2050	1970-2000	2000-2017	2017-2050
		% p.a.			% cumulative	
World	1.7	1.2	0.8	66.1	22.9	29.4
Advanced economies	0.7	0.5	0.2	23.1	9.4	7.1
USA	1.0	0.8	0.6	34.5	15.1	20.1
Emerging and developing countries	1.9	1.3	0.9	77.8	25.4	33.2
China	1.5	0.6	-0.1	55.6	9.8	-3.2
EU 28	0.3	0.3	0.0	10.4	4.4	-1.2
Central and Eastern Europe	0.3	-0.3	-0.5	9.4	-5.6	-15.8
Black Sea Region	0.7	-0.2	0.3	22.9	-2.5	9.2
CIS (incl. Russia)	0.6	0.2	0.0	19.2	3.0	1.2
Middle East and North Africa	2.8	2.0	1.3	131.3	41.0	55.6
Sub-Saharan Africa	2.8	2.8	2.4	130.1	61.2	116.9
European Neigbourhood	2.0	2.0	1.8	83.3	39.3	77.3

Notes: **Central and Eastern Europe**: Bulgaria, Estonia, Lithuania, Latvia, Poland, Romania, Slovenia, Slovakia, Czech Rep., Hungary; **Black Sea Region:** Armenia, Azerbaijan, Georgia, Moldova, Turkey, Ukraine; *CIS*: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; **Middle East and North Africa**: Afghanistan, Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen; **Sub-Saharan Africa:** Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe; **European Neighbourhood:** CIS, Turkey, Middle East and North Africa, Sub-Saharan Africa.
Source: IMF, World Bank, UNO. 2017 until 2022 IMF forecast.

The potential migration from Africa is predicted to amount to 80 million people[3]. Its population will rise from currently 1.2 to 2 billion in 2050 and then to 4 billion in 2100. That of the total European neighbourhood will rise by 76 %, the Middle East and Africa by 56 %, and that of Sub-Saharan Africa will more than double by 2050 (Table 2).

Europe primarily needs medium to highly skilled immigration, while the actual qualification levels of migrants are very different across various countries. They are is higher in the case of Syria, much lower in the case of Afghanistan and Sub-Saharan Africa. This implies that the larger part of the solution has to involve stimulating dynamics and job creation in the neighbourhood countries themselves: economic policy here needs to create 20 million new jobs per year in Africa alone, for example, but also to upgrade skills and qualifications. Only when neighbouring countries provide employment opportunities for the larger part of their increasing populations, can rules for legal migration be defined and enforced. Migration in this case could follow more closely demand in the countries of destination. And this could be circular migration promoting learning instead of brain drain scenarios. As long as the migration potential is a multiple of the deficit in labour demand in Europe, populist and xenophobic parties will become stronger. Fences and military forces will be needed, illegal routes will be used, and disruptive migration will dominate. This holds *a fortiori* if political conflicts or environmental catastrophes are the source of migration. Jobs near the countries of origin, e.g. in special zones or peace oases, allow for the return of migrants to their home countries after crises have subsided.

[3] WIIW (2012).

2.3 Historic responsibility

In addition to economic arguments, Europe has an obligation to support stability and recovery in its Southern neighbourhood due to its historic role, responsibility and partial guilt. Europe colonised many countries by force; it installed governments and colonial regimes in an autocratic way. Europe exploited the resources of countries without providing or improving economic structures or increasing the food supply, supporting endogenous firms and respecting environmental limits. It determined the borders of states, sometimes using a ruler to do so (not much more than a century ago), disrespecting history and/or cultural homogeneity.

In more recent times, Europe exported agricultural goods in oversupply, thus implicitly reducing the potential of an endogenous food industry in the countries of destination. At the same time, it maintained for a long time tariffs on imports of agricultural products from Africa. Europe exported industrial and energy technologies which did not take into account other climates, preferences and resources. 'Hard' imperialism in past centuries and soft economic dominance in more recent decades prevented the development of endogenous structures and learning. Underdevelopment and the motive to expand 'civilisation' have historically been the rationale for extending 'civilisation' to Africa, even if some of these regions (Mesopotamia, Macedonia, Persia and Ethiopia) had a similar or even higher cultural level than Europe.[4]

Recalling these historical facts does not mean that European nations, governments and civic organisations did not also promote and enhance development and improve wellbeing (e.g. health). For a long time, GDP per capita in many European colonies was higher than in Asian countries not under a colonial regime.

As far as military power is concerned, Europe has not interfered in recent decades as an aggressor, but also has not prevented conflicts *ex ante* or offered conflict management. Even as a 'soft power', it could have advised the US to think about the post-war order after toppling dictators. Reluctantly, Europe did connect to secular bottom-up movements like the Arab Spring (Wurm, 2017). In most cases, it did not make democratic principles or gender rights a condition for trade and investment. However, weapons were provided to all regimes whenever possible.

As to the consequence of past failures and recent negligence, the image of Europe in the neighbouring countries is not always favourable. This has to be taken into account in delineating a new strategy.[5]

2.4 Pre-empting other hegemonies at the European border

The geopolitical landscape is changing. The bipolar world order with the US and the Soviet Union as the two world powers, each supported by a military alliance, is history. The prediction of the US becoming the sole remaining world power did not materialise and a new isolation movement has risen in the US. This has opened up a vacuum for new hegemonial ambitions, even if some players in a multipolar world order may be much smaller. Japan, once seen as a future economic and technological leader, has disappointed and suffered lost decades. China has definitely become an

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[4] This has a parallel in China´s position, which had a high culture, falling back after the breakdown of its ruling dynasties. Now, it is catching up and taking the lead again (due to a combination of a centralised economy, the import of foreign technology and a forward-looking industrial policy).

[5] US military power is acknowledged as a fact even if it is not liked. Interventions by Russia or Turkey are not seen as negatively as they could be – given their authoritarian regimes at home, or the implicit intention of extending political power and sometimes even territorial leverage.

economic power, according to some indicators already in the lead and, according to others, catching up rapidly. China is now the largest investor in Africa and the Middle East and is building network points and logistic centres in countries with investment deficits. This opens up access for Chinese goods to regions less open to imports in the past.

It remains uncertain which economic structures and political centres will emerge in Eurasia, in the Middle East and in Africa. Aside from Russia, Turkey, Iran and Syria have all been political powers in history, extending far beyond their current borders. Arabic countries became important economic players after the oil crises in the Seventies (especially Saudi Arabia due to its size and oil reserves), accumulating large financial reserves. So far, they have been unable to use the financial resources accumulated by selling oil and gas for advanced industrial structures, joint development, innovation or economic excellence.

Europe can either try to develop fair partnerships with its neighbourhood and support economic and political stabilisation or it will be confronted with new political structures indifferent or even hostile towards Europe. The European Neighbourhood may become fragmented and driven by conflicts or dominated by one or more new hegemonial powers. There may also be a fight for regional leadership over decades between countries attempting to regain "past glory". The better the economic development and the more Europe is seen as a fair partner, the fewer disruptions and negative spillover effects there will be for Europe.

3. THE NEIGHBOURHOOD AND ITS CHARACTERISTICS

The Neighbourhood referred to in this document is understood to be the non-European regions which are geographically close to the EU, but which are not members and do not have the intention or prospect of accession. This region comprises Africa (including Sub-Sahara), the Middle East, the Black Sea Region and other successor states of the Soviet Union[6]. Russia should also be included in a European neighbourhood policy (Eurasia), even if this currently appears beyond the realm of European policy.[7]

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[6] These are labelled as the Commonwealth of Independent States by the IMF.

[7] Note that this definition is not necessarily identical to the definition used in EU documents about European Neighbourhood Policy (ENP). Europe, defined as the EU28, is currently the largest economic area in the world, with 22% of global output. This will decrease to 20% in 2022, and will then be 10 percentage points lower than in 2000 (32.5%).

Table 3: International comparison of real GDP in 2017

	Real GDP per capita		Real GDP		
	2017		2000	2017	2022
	USD	World=100	Percentage shares		
World	11,167	100	100.0	100.0	100.0
Advanced economies	46,320	415	81.6	57.9	52.7
USA	53,287	477	28.3	20.5	18.7
Emerging and developing countries	4,955	44	27.6	37.9	40.2
China	7,163	64	5.0	12.0	13.4
Euro area	40,504	363	25.1	16.2	14.7
EU 28	36,946	331	32.5	22.3	20.3
Central and Eastern Europe	16,359	146	2.0	1.8	1.7
Black Sea Region	16,801	150	1.4	1.7	1.6
CIS (incl. Russia)	8,354	75	2.8	2.9	2.7
Middle East and North Africa	6,765	61	3.5	3.9	3.8
Sub-Saharan Africa	1,420	13	1.0	1.6	1.6
European Neigbourhood	4,792	43	8.7	10.0	9.7

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Source: IMF, World Bank, UNO. 2017 until 2022 IMF forecast.

Intra-European enlargement and accession policy has enabled a relatively successful transition process in which top-down elements are combined with bottom-up priorities and projects. There were and are pre-access requirements regarding the rule of law and governance. European structural and regional funds request regional programmes as a precondition for participation. Past (and current) intra-European neighbourhood policy enabled a relatively successful transition process in which top-down elements are combined with bottom-up priorities and projects.. Experience shows that these rules improve the allocation of funds (relative to former national subsidies), but that leakages will always exist and some of the money is channelled into unintended uses. Some regions needing money most urgently did not have the administrative resources to apply for funds. The experience of large infrastructure programmes is mixed, as seen in Southern Italy and Greece. The results are more encouraging with respect to education and know-how transfers. High skill and education levels supported the successful transition in Central and Eastern Europe. The catching up of the "new members" proved quicker than in other transition processes and Europe was lauded for this as a "convergence machine" by Gill and Raiser (2012). Such experience should be used to design a partnership policy.

The European Neighbourhood is very heterogeneous. It comprises some countries with high income per capita and stable governments, but also extremely poor regions. Many countries are rich in resources; in some, they are successfully used for the export of manufactured goods, while others need foreign capital and management even to exploit resources and have to import food. Human resources are no general restraint; the population is young, with the exception of Russia and other post-Soviet economies. The rule of Law is generally limited and corruption widespread, as documented by international comparisons (Fraser Freedom Index, WEF ranking), but again very different across various countries. There are democratic systems (of different types and quality), while others are autocratic or absolute monarchies. Gender equality, the engagement of young people in grassroots movements, the use of social media and internet are also different across various countries. Inequality and the role of inherited wealth in the economy, society and policy are high in all neighbourhood regions, and even higher than in southern European countries.

Table 4: Worldwide distribution of population and nominal GDP

	Population			Nominal GDP		
	2000	2017	2050	2000	2017	2022
			Percentage shares			
World	100.0	100.0	100.0	100.0	100.0	100.0
Advanced economies	15.7	14.0	11.5	79.2	60.5	56.1
USA	4.6	4.3	4.0	30.4	24.4	22.8
Emerging and developing countries	83.6	85.3	87.8	20.8	39.5	43.9
China	20.9	18.7	14.0	3.6	15.1	17.8
EU 28	7.9	6.7	5.1	26.4	21.6	20.3
Central and Eastern Europe	1.6	1.2	0.8	1.2	1.7	1.8
Black Sea Region	1.4	1.1	0.9	0.9	1.3	1.3
CIS (incl. Russia)	4.6	3.8	3.0	1.1	2.5	2.5
Middle East and North Africa	5.6	6.4	7.7	3.2	3.7	3.8
Sub-Saharan Africa	9.8	12.8	21.4	1.1	1.9	2.1
European Neigbourhood	21.3	24.1	33.1	6.4	9.4	9.7

Notes: **Central and Eastern Europe**: Bulgaria, Estonia, Lithuania, Latvia, Poland, Romania, Slovenia, Slovakia, Czech Rep., Hungary; **Black Sea Region:** Armenia, Azerbaijan, Georgia, Moldova, Turkey, Ukraine; *CIS*: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; **Middle East and North Africa**: Afghanistan, Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen; **Sub-Saharan Africa:** Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe; **European Neighbourhood:** CIS, Turkey, Middle East and North Africa, Sub-Saharan Africa.
Source: IMF, World Bank, UNO. 2017 until 2022 IMF forecast.

Analysing all regions and designing a special policy for each is far beyond the scope of this analysis. There cannot be a homogenous policy approach for such an inhomogeneous group of countries. Nevertheless, for Europe, it is very important to engage with the neighbourhood for economic reasons, and to shape globalisation and economic development in countries close to Europe. A dynamic and stable neighbourhood mitigates migration, reducing conflict potential and negative spillovers. Diversity and cultural heterogeneity may make policy cooperation more difficult, but they also provide potential for a welfare-increasing partnership. The positive impact of diversity is well-documented in management theory.

4. PAST AND PRESENT ASSISTANCE PROGRAMMES

4.1 Overview

History is full of the attempts of countries in a better position to "assist" less fortunate countries – in their neighbourhood but also in other parts of the world. The reasons for these projects were always a mixture of egoistic and altruistic motives, with the firm conviction being that the society of the active country[8] was superior to that of the "other world". During the process, the lobbies in the active countries shifted emphasis towards the egoistic motives, accruing wealth and grabbing land and resources. Other problems are that structural changes tend to favour the better educated and well organised groups, and that short-term motives tend to override long-run interests. Inequality increased between countries of the "first" and the "third" worlds and often also within countries.

These historical experiences have to be kept in mind when designing a future European Partnership Policy. Europe is richer and better organised than its neighbourhood, but its system is not superior in all respects. Increasing trade and foreign investment is positive for development and incomes in the neighbourhood, but the abolishment of trade barriers has to be fair and the neighbourhood needs time to develop or upgrade its own strengths, technologies and institutions.

We restrict ourselves here to providing a brief analysis of the goals and impact of US-sponsored programmes after World War II, then we report on development policy, finally on the current EU Neighbourhood Policy (ENP).

4.2 Recovery Programs for Europe after World War II

4.2.1 The Marshall Plan and the ERP

One large assistance programme initiated after World War II by the US is generally considered a success: the so-called Marshall Plan, in which the US supported the reconstruction of the European economy. After some emergency help for European people after the war (food programme, UNRRA initiated by the UN), the US decided to invest their taxpayers' money in preventing a deep depression like that of the interwar period in the 20th Century. The programme supported the rebuilding of industrial structures in Europe, with the intention being that the goods bought with this money were imported, at least initially, mainly from the US. The beneficiaries of the programme, which had no international currency, paid the equivalent of the global market price into a so-called recovery fund. Weighing the danger of supporting a potential competitor against the advantage of creating a big market for US products and preventing a depression, the US decided to invest money in rebuilding European industry. It welcomed the creation of the European Community of Iron and Steel, which later developed into the European Union. Thus, the motives for the ERP were a mixture of altruistic motives – preventing famine and poverty in Europe and egoistic motives of market creation and US investment opportunities. From the political point of view, they prevented European countries becoming communist.

The repayment did not flow back into the US system, but into revolving national funds (the National Counterpart Funds), which again could be used for investments below the market rate of interest, depending on some structural criteria.

[8] It can alternatively be called the donor, the investor, the conqueror or the missionary.

The national spending plans had to be coordinated by a European agency (OEEC), in a first step, and then by the ECA[9] in Washington. The latter tended to encourage focusing on producing for the global market to close external deficits. Countries were advised to limit national inflation and budget deficits. The final intention of this US-induced national planning in Europe was that each country should delineate a strategy of becoming independent of the assistance.

This was not micro-interference, but rather broad steering. There are few reports about undue influence of the US in determining the use of the funds by European recipients. Criticism existed that the US was trying to gain access to rare resources (and military bases) in European overseas territories. US authorities were critical if money was spent on national or public enterprises but, in general, the interference in the distribution of the funds was limited.

The total assistance is estimated to have been about USD 130bn at today's prices (for a period of five years, 1948-1952). This was about 12.5% of US GDP at that time (OECD, 2008). Other, not totally comparable, estimates report that it amounted to as much as 10% of the recipient countries' GDP.

As far as the effect of the programme is concerned, its contribution to economic growth is estimated at 0.5% p.a. by Eichengreen (1996). Figures differ for estimated costs as well as benefits, but it is beyond doubt that a large amount of money was transferred and that the US taxpayer had to initially accept higher taxes. However, after the programme succeeded in boosting growth in Europe (and consequently US exports to Europe), it was probably also a benefit, from a narrow, egoistic and materialistic perspective, for the donating country. In addition to this, it provided peace, prevented Western Europe countries becoming communist, and it integrated Europe into the western economic system and most countries into NATO.

To summarise, the ERP demonstrated that financial help is feasible and that it is helpful for the recipient, even if the motives are to some extent egoistic. It shows that soft governance and adherence to rules can be monitored without micro-interventions, and that administration can be improved and innovation encouraged in recipient countries.

4.2.2 The Fulbright Program

The ERP supported the import of goods, increased intra-European trade and boosted tangible investments. It was complemented by the Fulbright Program for intangible investment, knowledge transfer, cultural relations and mutual understanding.[10] Fulbright commissions exist even today in more than fifty countries. Marshall Chairs are provided at many universities. In total, 150 countries are participating in the programme to a certain extent.

The programme is steered by the Director of the US Information Agency and aims to provide grants, contracts, educational exchange, research, instruction and other educational activities. It connects people financing visits and internationalisation for students and teachers. Cultural exchange is the goal: guided tours for teachers and international experts, but also fairs and expositions are organised, the publication of books promoted and professorships offered. The programme is intended to strengthen exchanges with countries in transition with the aim of fostering binational and multinational education and cultural exchange.

[9] The Economic Cooperation Agency.

[10] The programme started in 1961 under the Fulbright-Hays Act, with the goal being to "provide the improvement and strengthening of the international relations of the US by promoting better mutual understanding among the peoples (of the free world) through educational and cultural exchange".

As in the ERP, egoistic US goals are combined with altruistic attempts to spread information and bring people together. The US has decentralised the organisation by means of national boards and the programme emphasises the mutual flow of information and learning, even if the impression that others can learn more from the US than vice versa may be gained.

The positive impact for Europe has been experienced by generations of European students and researchers who have improved their knowledge and that of their home base through participation in the programme. Opinion leaders are invited to the US to revise their often critical view of the US system and to become "ambassadors" of the American cultural and political system.

Such an exchange of knowledge and research is absolutely essential for the relationship of Europe with its heterogeneous neighbourhood, and Europe should learn from the programme and adapt it to its needs and those of the neighbouring countries (see below for the Schumpeter Programme proposal and the attempts of the Erasmus Mundus subprogramme, Al-Idrisi).

4.2.3 Differences between post-war Europe and the European neighbourhood today

In learning from the ERP and Fulbright program, we should bear in mind that the circumstances in the European neighbourhood differ from Europe's problems in 1945.

Western Europe before WWII was a highly developed and industrialised area, with a skilled workforce. The industrial base and a large part of the infrastructure had been destroyed, but could be rebuilt. Local and federal governments had existed before the war, as well as a system of democratic and occupation-based representation. The population had been involved in class struggle and conflicts, but was in general relatively homogenous, sharing common values. People remembered the pre-war situation as a period of unemployment, stagnation and conflicts, but hoped to regain the income level they had had before the war. The European countries were eager to improve the political system and cooperate with each other after the experience that internal conflicts and war with neighbouring countries had led to far worse conditions. The idea of the social market economy arose in Germany, that of "planification" in France, and that of a social democratic welfare state in the UK and Sweden. Political parties existed, even if some of their predecessors had been discredited during the fascist period. The same holds for business and civic organisations.

We have already reported that the European neighbourhood, as defined in this analysis, is far more heterogeneous than the region supported in 1945. This holds across regions, across countries and even within countries. In most countries, agriculture is still the largest sector; export levels are low, energy and raw material use intensive, and cross-regional trade limited. No parallel institutions to the OEEC exist so far in Africa or the Middle East. Illiteracy still dominates in rural areas. Slums exist around large metropolitan areas, providing breeding grounds for radical ideologies. Youth unemployment is very high, vocational training unknown. Gender roles are extremely different. No administration exists which could monitor the process of fair and efficient distribution of financial assistance, administration is not used to apply for funds, guarantee the correct use of means (money) or prevent corruption.

On the other hand, however, we should not overemphasise the differences. The administration had to be rebuilt in Europe after WWII, a system of planning institutions and a balanced top-down and bottom-up process for the competition for the funds had to be designed. Cooperation between countries needed to be fostered and institutions "cleansed" of representatives of the Nazi regime.

We conclude from this that establishing a European Partnership Policy is difficult. It has to be different for various sub-regions and for countries. Strategies have to be developed for countries with internal fighting and external conflicts about borders and those with relative stability, for countries with their own financial resources due to oil and other natural resources, and for those without. Some regions are seriously threatened by climate change, others primarily by their own mismanagement. However, a differentiated partnership policy under conditions of uncertainty and based on trial and error is by far better than no policy at all.

4.3 Development policy

The literature on development policy is rather controversial. On the one hand, many authors and organisations – from the UN to the World Bank and the OECD – are calling for increases in the public and private funds for development. They criticise that the goals set by the OECD to spend 0.7% of economic output on development aid are not being fulfilled, or that development assistance is lower than military expenses or illegal capital exports. On the other hand, there is criticism that the donations of industrialised countries to developing countries may have no effect or even a negative one (Deaton, 2013).

Historically, industrialised countries did not intend to transfer money to their colonies, seeing them instead as a means of increasing their own wealth. This changed to some extent for the UK colonies after the West Indian labour unrest (1934). As the recovery in the industrialised countries gained speed, the divide between the "first world" and the "third world" became evident, and countries as well as international organisations put development aid on their agendas.

The United Nations proclaimed the 2030 Agenda for Sustainable Development as a "plan of action for people, planet and prosperity ….. to free the human race from the tyranny of poverty". The agenda is made operational by 17 Sustainable Development Goals (SDGs) and 169 targets (see UN, 2015). As an integral part of the 2030 Agenda, the Addis Ababa Action Agenda was adopted in July 2015 to provide a global framework for financing sustainable development by aligning all financing flows and policies with economic, social and environmental priorities.[11] The African Union developed an Agenda 2063 as its own long-term strategy for the hundred-year commemoration of its founding.

The OECD's Development Assistance Committee (DAC), together with the UN resolution of 1970, suggested that official development assistance (ODA), including grants and concessional loans, should amount to 0.7% of gross national product.[12] DAC members have generally accepted this target, at least as a long-term objective. Actual spending has risen but is far below the target. It amounted to USD 156 billion[13]. The EU and its Member States are collectively the world's biggest contributors to development assistance, providing EUR 75.5 billion in 2016 (European Union, 2017). In comparison, the US spends only an annual amount of some USD 30bn. 70% of ODA is bilateral (country-to-country), while 30% is multilateral, via organisations (UNDP, UNICEF, UNAIDS). Some 80-85% is from government sources and 15-20% from private organisations (NGOs, charities and foundations).

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[11] See https://sustainabledevelopment.un.org/post2015/transformingourworld.

[12] GNP and after the introduction of the revised System of National Accounts in 1993, gross national income (GNI).

[13] Gross figures for 2015, at current prices; the total ODA from the current 28 DAC member countries amounted to USD 131.4bn in 2015, together with USD 17bn from non-members and USD 7bn beyond DAC efforts. This adds up to a total of USD 156bn for development assistance in 2015 (OECD http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/non-dac-reporting.htm).

Criticism of the effectiveness of development has been voiced concerning the paternalistic approach of the donor countries, as exemplified by the wordings "development aid" or "development assistance". In a new approach, the partnership for development is demonstrated by changing to the wording of "development cooperation", as, for example, favoured by the World Health Organisation (WHO).

Kharas et al. (2017) maintain that food and nutrition programmes have to be sharply accelerated in order to achieve the SDGs goal of ending hunger by 2030, especially in rural areas. [14] As another more general critical voice, Deaton (2013) questions the positive relationship between development aid and economic growth as such. His general conclusion is that aid does not boost growth; it may even keep poor countries from growing and should, therefore, be terminated.[15] It is now agreed that development policy should not unilaterally be shaped by rich countries, but that the lower income countries have to design their own development strategy. One good example for such a strategy is the Agenda 2063, developed by the African Union in reference to its founding in 1963.

Together, the programmes of international organisations provide a patchy system of aid and assistance with the overarching aim being to mitigate the income and wealth differences between the developing and industrialised world.

4.4 Current EU policies affecting the European Neighbourhood

Europe has complemented its integration strategy by cooperating in various programmes of the United Nations, the OECD and other international organisations, and, finally, by designing the European Neighbourhood Policy (ENP; for an overview see Appendix 3).

The **European Neighbourhood Policy** (ENP) comprises major instruments: the EIP, trade and partnership agreements (with individual countries, but also regions, including the Cotonou Agreement), and instruments for stability and peace. Its goals range from short-term assistance to ensuring proper housing, nutrition and healthcare for people on site (and refugees) to longer-term policies including education and the catching up of incomes and well-being.[16]

The ENP is distinct from the process of enlargement. It was launched in 2004 and covers 16 countries to the East (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine; Russia takes part in Cross-Border Cooperation activities under the ENP but is not part of the ENP as such) and to the South (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine[17], Syria[18] and Tunisia) of the EU.

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[14] The SDG goals were reaffirmed by the 2017 Hamburg Summit. Goal 16 to "promote peaceful and inclusive societies" has however be interpreted by some countries as indicating that military action for securing or restoring peace may be financed by funds designed for development aid. Others, however, fiercely oppose this view.

[15] For appraisals of Deaton's book, see Bill Gates (2014) at https://www.gatesnotes.com/Books/Great-Escape-An-Excellent-Book-With-One-Big-Flaw.

[16] The ENP is in line with the Global Strategy for the EU's Foreign and Security Policy. For more details, see https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/overview_en. The following paragraphs are also based on http://www.euforneighbourhood.eu/enp/ and on European Commission (2017).

[17] This designation should not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

[18] The EU suspended all its bilateral cooperation with the Government of Syria and its participation in regional programmes in 2011.

The main priority areas pursued by the ENP are (i) good governance, democracy, the rule of law and human rights, (ii) sustainable economic development for stabilisation, (iii) security, as well as (iv) refugees, migration and mobility (European Commission, 2017).

Sector policies cover a broad range of issues, extending from employment and social policy, trade, industrial and competition policy to agriculture and rural development, climate change and the environment. They include energy security, transport, research and innovation, as well as support for health, education, culture and youth.[19]

A revision of the ENP was guided by the following principles: (i) differentiation in order to recognise the different aspirations of each country; (ii) joint ownership, based on both partners' needs and EU interests; and (iii) more flexibility in the use of EU instruments. The intensity of EU support follows the "more for more" principle, and thus depends on the progress a partner country makes on reforms.

The main function of the ENP is twofold: it provides an external reference point which domestic political actors in the Neighbourhood countries can choose to utilise when it aligns with their agenda (both pro-EU or anti-EU); and it serves as a loose framework for socialisation which involves both the EU and the ENP countries (Sasse, 2008).

Major instruments complementing the ENP and being largely in line with its priority areas are the European External Investment Plan (EIP), bilateral and regional trade agreements, the European Partnership Agreements (EPAs), sector-specific Voluntary Partnership Agreements (VPA) and the Instrument contributing to Stability and Peace (IcSP).

The European External Investment Plan (EIP) is an approach to boost investments in Africa and EU Neighbourhood countries. It calls for new partnerships, notably to mobilise private resources and to apply innovative financing models. The EIP rests on the Addis Ababa Action Agenda of July 2015 and is fully consistent with the G20 Africa Partnership launched by the German Presidency of G20 (see European Union, 2017). Its goals are therefore to provide support for the harnessing of domestic resources; to provide investments for neighbouring countries, and to secure international public finance, including official development assistance.

The EIP rests on three pillars: the European Fund for Sustainable Development (EFSD), technical assistance to help develop attractive projects, and activities improving the investment climate and business environment.[20]

The **Sustainable Development Fund** (EFSD) was passed by the European Parliament in July 2017 and kick-started in September 2017. Its main objective is to promote inclusive sustainable development by providing an integrated financial package of EU funds, national and private financing which could raise as much as EUR 88 billion. The EFSD is about to create "investment windows" for defining priority sectors for the EFSD Guarantee, identified as essential for the creation of decent and sustainable jobs in Africa and the EU Neighbourhood.

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[19] A key element of the ENP is to strengthen and promote the role of local civil society actors in the reforms and democratic changes taking place in the Neighbourhood countries. To this end, and in addition to bilateral and regional cooperation under the European Neighbourhood Instrument (ENI), various additional EU initiatives and programmes support civil society in the region, such as the European Instrument for Democracy and Human Rights (EIDHR), the Non-State Actors and Local Authorities thematic programme (NSA-LA) and the ENI Civil Society Facility. (http://www.euforneighbourhood.eu/enp/).

[20] See https://plan-international.org/european-external-investment-plan-concerns-and-recommendations.

The European Investment Bank has launched the Economic Resilience Initiative for Europe's Southern Neighbourhood and the Western Balkans to boost economic resilience by upgrading social and economic infrastructure and private sector-led growth and job creation, including a special Trust Fund to channel donors' contributions toward these goals.

Bilateral preferential and regional trade agreements with – as far as the European Neighbourhood is concerned – Euro-Mediterranean countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey) and African regions and countries (i.a. Kenya, Rwanda and Tanzania). For an overview, see Appendix 5.

The EU's **Economic Partnership Agreements** (EPAs) with a number of ACP countries were initiated in September 2002 and based on Article 35(5) of the Cotonou Agreement. An example is the EPA with the East African Community (EAC) partner states (Burundi, Kenya, Rwanda, Tanzania and Uganda). The objective of the EAC-EPA is to contribute to economic growth through the establishment of a strengthened and strategic trade and development partnership. It covers trade in goods, development cooperation and the sustainable use of fishery resources, and envisages future negotiations on services and trade-related rules, such as competition policy, intellectual property rights and public procurement[21]. The EACs with African countries have been heavily criticised as coercing countries into a process they actually resist.[22],[23]

An instrument contributing to **Stability and Peace** (IcSP) was established in April 2014 as a follow-up to the former Instrument for Stability (IfS). The IcSP focuses on crisis response, crisis preparedness, conflict prevention and peace-building. It can furnish short-term assistance to countries where a crisis is unfolding, or provide long-term support to global and transregional threats. The IcSP funds some 250 projects in 70 countries with a total budget of EUR 2.3 billion for 2014-2020. This instrument may be employed for military action to restore stability in African countries. The European Commission intends to provide some EUR 17.5 million to counter terrorism in the Near East and in Northern Africa.

The **Eastern Partnership** is a joint initiative involving the EU, its Member States and six Eastern European partners: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. It is based on a commitment to the principles of international law and fundamental values – democracy, the rule of law, human rights and fundamental freedoms. The EaP also encompasses support for a market economy, sustainable development and good governance.[24] Preceding the EaP, the Black Sea Synergy (BSS) was launched as an intermediary step toward a cohesive EU strategic vision for the region. The BSS envisages a bottom-up project development approach aimed at building on concrete deliverables in the environment, maritime affairs, fisheries, maritime transport, energy, education, civil society, cross-border cooperation and research fields. From 2009 to 2014, the European Union (EU) invested nearly EUR 140 million in the region.

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[21] See http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153845.compressed.pdf.

[22] Melber (2013), analysing the rather unsuccessful example of Namibia, generally holds that the EU loses more than it gains, at least in terms of reputation and acceptance concerning its Africa policies. In Melber's view, the EPA negotiations did not meet the criteria for coherence with other fundamental principles of development policies pursued by EU member states, such as support for regional integration.

[23] Furthermore, Voluntary Partnership Agreements (VPAs) exist for specific sectors such as one with timber-producing countries outside the EU (see http://www.euflegt.efi.int/vpa). The EU FLEGT Action Plan utilises VPAs to ensure that only legally harvested timber is imported into the EU from partner countries.

[24] https://eeas.europa.eu/headquarters/headquarters-homepage/419/eastern-partnership_en.

The **Union for the Mediterranean** was created with a view to reinforcing the Euro-Mediterranean Partnership (Euromed) known as the Barcelona Process. The UfM brings together all EU Member States and 15 countries from the Southern and Eastern shores of the Mediterranean.[25]

5. DILEMMAS AND TRADE-OFFS

Designing a European Partnership is not easy due to the problems of diversity, inefficient governance in neighbourhood countries and diverging opinions within Europe. It also has to address dilemmas inherent in development processes in which partners with different starting positions exist. These trade-offs exist in all policies in which a country is willing and able to assist other countries. We call the supporting country the "steering region"[26] and the country into which investment or finance flows the "recipient", with the awareness that even the wording has implications for the relation between them.

Need for conditionality vs. prevention of imperialistic attitudes

The countries in the steering position have budget restrictions and they have a responsibility to their citizens to spend support effectively on well-defined objectives. The flow of funds or other resources has to be controlled and the attainment of the objectives monitored. This requires a process in which purpose, administration and control are designed. The recipient, on the other hand, has its own goals, historical priorities and traditions. Governance in the recipient region requires improvement and could profit from the experience of the steering countries, their democratic decision-making processes and established rule of law. However, it is rational for the recipient country not to accept all conditions envisaged by the partners in the steering position. Even if they are richer, better organised and not overconfident of their own performance, they may be eager to enlarge their markets or political dominance.

Waiving conditionality is neither acceptable for the donor nor optimal for the recipient. On the other hand, overly strict conditionalities or undefined *ad hoc* interventions deepen dependency. This is known from history and was first called imperialism and later paternalism.

Neither unconditionality nor dominance will be optimal for sound results. The solution can be a fair process of defining goals together, specifying procedures and conditions imposed by the steering countries and calling for national programmes of the recipient countries in order to meet them. Conditionality that offers "more for more" activates, while reducing assistance if conditions are not fulfilled, the "less for less" approach, is discouraging.[27]

Modern industrial structures vs. upgrading agriculture and SMEs

In economics, efficiency and progress often imply large units. In the globalised world, large enterprises with networks of supply and distribution dominate. Leading technologies are characterised by the economies of size, scope or networks and high market shares of a few

[25] http://ufmsecretariat.org/who-we-are/.

[26] Seen from the perspective of the EZA (development assistance), we could also call the region increasing its investment and financial flows "assisting countries", but we tentatively stick to the notion of "steering" since we aspire to a European Policy. We should, however, never forget that it will only work if it is enshrined in a partnership-based approach.

[27] The concept of following principles of partnership even if the partners are not equal is addressed in the literature on personal relations as well as in management science.

transnational firms. Some of their subsidiaries in developing countries only produce for the world market. In emerging economies, small and medium-sized firms dominate, often supplying agricultural products or selling only regionally; they are less efficient and lack any export experience, but are better adapted to local needs, resources and knowledge. Increasing the scope of activities is easier if technology is imported, but endogenous technologies would provide a more sustainable competitive position. The same holds for the choice of small and medium-sized and regional firms vs. larger industrial clusters. The latter will boost incomes and exports, but could imply a division between people capable of working in larger enterprises and those left behind, in addition to increasing already high income differences.

Agricultural production in highly industrialised countries is different from that in developing countries, as is the industry structure. Emerging countries profit from technology, management transfer and inward foreign investment. However, they would first prefer to start from the existing conditions and given knowledge.

The recipient countries can promote rapid industrialisation, and would benefit from the faster demand growth for industrial products. However, upgrading agriculture better serves the goal of reducing poverty and famine, while domestic food production is threatened by highly efficient imports, additionally heavily subsidised by the European Common Agricultural Policy.

Trade agreements which look fair due to formally equal rules in practice often prevent the development of countries' own technologies and structures. Additionally, the experienced partner makes better use of implicit rules due to better management, deep pockets and the use of the judicial system and courts.

The trade-off is whether the recipient countries should try to industrialise as quickly as possible and scale up company size or first upgrade their agricultural sectors and small and medium-sized firms. The solution should be developed in a national strategy with civil organisations and experts, also including those of international organisations and the steering countries.

Importing best technology vs. endogenous development

Importing technology and management is essential for a rapid catch-up strategy, and quicker than upgrading own structures through investment in schools and institutions. Endogenous development requires a stable and determined government, fighting against tribal structures, existing elites, habits and prejudice. "Infant industries" require temporary shelter from international competition, but this argument should not lead to permanent protectionism.

The trade-off is between quicker development via technology imports and less rapid but, in the long run, more sustainable investment in endogenous technologies and learning, thus creating a more sustainable competitive advantage. Countries which increased their market position fastest in past decades had different methods of making compromises. Some prioritised technologies and industries via a sectoral industrial policy, others created industrial zones with rules different from other parts of the country or built clusters and industrial parks around some successful firms or high-level educational units.

Copying and improving international technology boosts labour and capital productivity. Emerging economies could try to increase resource and energy productivity through innovation and education policy and tax policy. "Redirection of technical progress"[28] reduces emissions and increases

[28] See Aiginger (2016).

employment. Developing a trajectory open to knowledge imports but different from the "quick-start" via importing the leading technology will only mitigate this dilemma.

Improving energy grids vs. developing decentralised alternatives

Catching up increases demand for energy, transport and energy-intensive goods. Production and population both concentrate regionally in megacities, increasing emissions and smog. Water usage for large-scale agricultural production and evolving cities explode, leading to the straightening and water abstraction of rivers and the building of huge dams. Desertification and deforestation are often accelerated by climate change. Efficient grids, highways and pipelines are usually recommended for transporting and exporting. But alternatives that do not accelerate urbanisation and monocultures exist. They promote cooperation between small farms and small firms, exports to neighbouring countries and the decentralised production of alternative energy.

Energy can be produced more locally through solar or wind technology, and energy and water use can be reduced through water-saving technologies and smart cities. Reforestation will provide new resources and limit airborne emissions. Decentralised energy production reduces the need for power grids and pipelines, and all the more so if storage facilities improve. Developing such alternatives and scaling them up is easier than competing with old technologies not suited to the region.

Countries catching up could become experience platforms (labs) for new technologies also needed in industrialised countries. Old technologies focusing on large-scale production and powerful grids may enhance development in the short run, but may be a dead-end in the long run, leading to desertification, emissions and smog, and thus impairing health and tourism. The trade-off between known, efficient technologies (with economies of scale and the need for powerful grids) vs. alternative decentralised technologies looks very different if the long term "external" effects for society and climate are highlighted by emissions trading or taxes. The solution for the trade-off is to combine the improvement of inadequate infrastructure with a regional policy preventing megacities developing alternative energies and the boosting of decentralised energy production and innovative storing technologies.

Table 5: Agri-food trade between EU and Sub-Saharan Africa

	Imports		Exports		Trade balance	
	2012	2016	2012	2016	2012	2016
			mn €			
Agri-food	10,713	13,924	8,275	8,496	-2,438	-5,428
Agricultural food and feed products	9,011	11,866	5,095	5,183	-3,916	-6,683
Commodities	6,069	7,756	2,663	2,787	-3,406	-4,969
Other primary	2,330	3,442	1,333	1,450	-997	-1,992
Processed	611	669	1,099	946	488	277
Food preparations and beverages	118	201	2,853	2,971	2,735	2,770
Food preparations	84	164	1,697	2,035	1,613	1,871
Beverages	34	36	1,156	936	1,122	900
Non-edible	1,584	1,858	327	343	-1,257	-1,515

Source: European Commission (https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/regions/agrifood-sub-saharan-countries_en.pdf).

Copying industrialised countries vs. heterogeneous visions of progress

Open countries that import technologies and management and are involved in many international trade agreements usually grow faster. But it is important that they do not follow a naïve strategy of "opening only" and adhere to a forward-looking industrial and education policy. Openness may also create dependence, development traps and poverty pockets. Countries with their own vision of where to go – starting with heritage, knowledge and culture – fare better in the long run. Citizens will promote and agree with development, and conflicts will be rare. Foreign dominance is not acceptable in the long run, as it may also be connected with military interventions and demotivate young people. However, an inward orientation also has disadvantages. Political, military or religious elites, tribes and old male networks tend to dominate the political system. The role of woman will be traditional and family-centred, young people will have to closely follow the tradition of their peers.

The trade-off is between an unconditional opening (following an international model) and a country developing its own vision. The latter will lead to a diversity of social and economic systems, which is assessed in management science as an economic advantage. Diversity is also positive for societies and development. External pressure, global financial markets and international agreements accelerate change; a national vision can make development compatible with cultural habits and different development trajectories. The solution of a trade-off may be to take the sustainable development goals (developed by the UN) as a source of orientation, and then develop national priorities, with steering countries supporting this strategy by financial means. Partnerships should know, respect or even support the visions of the recipient country, but also monitor governance and offer their value system and experience as orientation.

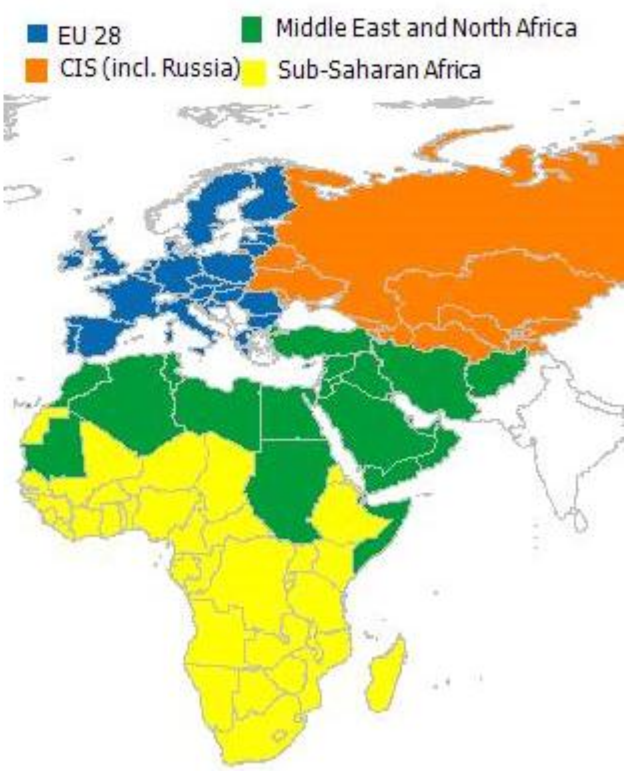
Improving life expectancy vs. preventing overpopulation

The high growth rates of the global economy over the past decades, progress in medicine and its dissemination via the internet have led to lower child mortality and longer life. These factors have also resulted in rapidly rising populations, particularly in Africa, since the number of children per family has not declined fast enough and the population is very young. Catching up in per capita income and increasing female employment rates are limited by a rapidly expanding population. On the other hand, development (specifically education) may reduce the number of births per family and child pregnancy, while the same holds for formal employment. Nascent health and pension systems reduce the importance of offspring as a means of financial security in old age. The trade-off between an increasing population and poverty reduction was addressed by China by means of its "one-child policy". The more humane alternative to public interference in family planning has been emphasised by Jeffrey Sachs – namely the importance of education for all people, but specifically women.

Summary

Even if they cannot be eliminated, these six dilemmas should be kept in mind in a European partnership strategy with its neighbours. Formulating them first in a dichotomous way and then addressing them in the national strategies of the recipient countries and in partnership agreements is helpful in terms of at least partially overcoming them later.

Figure 1: European Neighbourhood



6. THE LEVEL FOR DESIGNING AND NEGOTIATING THE PARTNERSHIP

Bloc to bloc (industrialised vs. developing countries)

Theoretically, the easiest way would be to call for a bilateral partnership enshrined in an agreement between a multilateral organisation representing the steering bloc and one for the recipient regions. Such a solution would bundle interests on both sides and design the strategy through bilateral negotiations. Operationalisation and monitoring success would be easier than in decentralised models. The disadvantage of this solution is that a consensus may be difficult to reach, first within both groups and then between them. Any agreement would take a very long time, need to undergo a democratic process in many countries and finally would also not be easy to be implement. Multinational trade deals (TTIP, CETA) come closest to this model and some of their problems would extend to development assistance.

On the side of the steering countries, several international organisations are involved in development policy and humanitarian assistance today. The IMF, the World Bank and the UN, UNCTAD etc. engage in formulating policy, defining principles and monitoring performance. They also provide financial and management support. On the side of the recipient countries, the African Union has formulated a vision for 2063. It has developed its own programmes and negotiated with multinational organisations in which industrialised countries dominate.

Another model involves international conferences at which many countries in both the industrialised and the developing world formulate long-term goals and design strategies or agreements to which countries can subscribe, such as the climate pacts (from the Kyoto Protocol to COP 21). Insofar as they differentiate between industrialised and developing countries, and provide funds for investments in developing countries (through commitments from industrialised nations), they promote common goals with duties and payments dependent on development status. For the advantage of this approach, see Aiginger (2017).

From Europe to regional blocs or countries (decentralisation on the recipient side)

Trade agreements, technology transfers and security issues are often discussed between a European organisation and a group of neighbouring countries. Both partners profit if they cooperate with other international organisations, but even Europe does not speak with a single voice; the members and non-members of the EU think differently, as does the United Kingdom and countries within the Community (e.g. North vs. South, East vs. West). The plethora of current attempts is reported in Chapter 4. Let us also recall that four members of the EU Commission are involved in external relations.[29] For the variety of EU activities in financing external actions, see the European Commission (2016).[30]

Bilateral: country to country

Some countries in Europe have closer relations with individual countries or sub-regions in the neighbourhood. Central and Eastern European countries, but also Germany and Austria, have historical relations and stronger economic ties to the Black Sea Region and some successor states of the Soviet Union. Southern European countries have closer – however, not really intensive and not always conflict free – relations with Mediterranean countries in North Africa (mare nostrum). France, the UK, Spain and Portugal have specific relations with West Africa, and the UK with eastern Africa and the Arab countries – often due to their colonial past, but also due to the language, the education system and migration. It makes sense that these relations are used to upgrade the partnership between Europe and its neighbours. The partnership has to be based on an equal footing and this is even more relevant if Europe invests in regions with historical problems or relations.

New bilateral negotiations arose due to the recent migration flows. The majority of asylum seekers in the EU Member States in the years 2015 and 2016 came from Syria (697,500 persons), Afghanistan (361,300) and Iraq (248,600), followed by Pakistan (94,100) and Nigeria (76,100).[31] This led to questions of border control, the existence of inhumane refugee camps and forced repatriation. In some cases, Europe has paid countries (e.g. Turkey) to not allow migrants to enter EU Member States.

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[29] Federica Mogherini: High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission; Johannes Hahn: Member of the European Commission for European Neighbourhood Policy and Enlargement Negotiations; Neven Mimica: Member of the European Commission for International Cooperation and Development; Christos Stylianides: Member of the European Commission for Humanitarian Aid and Crisis Management.

[30] They include an early Recovery through Education program in Syria, the Bêkou Health Project in the Central African Republic, programmes to counter the food and nutrition crisis in the Sahel zone, the support to refugees in Somalia, and combating the Ebola epidemic (see also examples of best practice).

[31] Source: http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics#Main_tables.

Some countries cooperate in regional organisations. In Africa, aside from the Arab Union, there exist, for example, the Arab Maghreb Union for Northern Africa, and the Southern African Development Community (SADC).

It makes sense for existing partnerships and agreements to be strengthened, that the organisations of both the steering and recipient countries, as well as the international organisations and think tanks, cooperate and work together more closely. They have to analyse deficits and progress in development (maybe using the Sustainable Development Goals for orientation purposes) and to find out what works and what does not. This holds for all existing partnerships, whether one-to-one between blocs or the European Union vis-a-vis an individual country or regional groups of recipient countries.

Private donors / NGOs / sponsoring, responsible investment

An increasing number of initiatives come from non-governmental organisations. Some are really international and have a specific focus (social, environmental and/or political), some have rather comprehensive development goals such as those of Caritas, Oxfam or Greenpeace, and yet others are more regional (Help Africa and Support Arab Spring). Finally, some are very specialised, either in terms of their purpose (AIDS or malaria prevention) or in the region such as Menschen für Menschen, in Ethiopia, or Helping Hands for Africa, in Uganda. Many initiatives arise independently in the recipient countries[32], but would also require finance, knowledge transfers or at least recognition.

Sponsors and foundations supporting Africa are those created by George Soros, Warren Buffet or Bill Gates. The Bill and Melinda Gates Foundation, for example, has a mission to develop technologies that save lives through really radical new technologies (access to water, waste and hygiene without water). For some promising examples of grassroots movements, see Box 1.

Pension funds invest in certified responsible investment projects or have begun excluding projects with negative social or environmental impacts from their portfolios. Sovereign investment funds (e.g. that of Norway) carefully choose and report on their portfolio strategy, as do funds financing large US universities.

Contested regions and failed states, refugee camps, exterritorial zones

A specific problem arises in the case of countries without stable governments or those destabilised by clans, tribes or religious groups fighting each other or the government. We can add to this countries governed by military regimes and autocratic governments that suppress existing conflicts but also minorities and even large portions of the population. Countries also exist which are in essence stable but have to take in a disproportionately large number of refugees (Jordan and Lebanon). Failed states without effective governments add to the diversity of countries in which usual forms of help via international organisations and financing institutions become nearly impossible.

In these cases, special or even extra-territorial zones, charter cities and oases of peace (Stanzel, Bramhas, 2016) could be created or supported by Europe. Whenever possible, this should be in cooperation with international organisations. There could be special zones, either with different

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[32] Millennium Africa Recovery Plan (MAP) and Omega Plan for Africa the New African Initiative (NAI), African Development Bank, Initiative for East and South Africa.

legal rules and separate administrations (less bureaucracy, quick starts for new firms) or with a different political authority, or both.

These could be "exterritorial" zones with some legal background or regional or UN consent and fall-back guarantees when the conflicts end. Some call them charter cities (Romer, 2010), others refer to them as special zones with quick access to EU markets. No refugee camps should exist without schools and the possibility to work. Food production, reforestation and alternative energies could be priority projects and sectors in these areas.

Box 1: Grassroots experiments calling for replication

Initiative	Focus/Aim	Steering countries	Receiv./implement. countries	Financing/ Support
Bill and Melinda Gates Foundation	Priorities: Global Health Division, Global Development Division, U.S. Program, Global Policy and Advocacy Division.	Headquarters in Seattle; offices in Washington, D.C., New Delhi, India, Beijing, China, London.	Worldwide	Bill and Melinda Gates Foundation; contributions from Warren Buffet
Peace corps	Volunteer projects in agric., comm. economic, educ., environ-ment, health, youth develop.	US	World wide	Donations
Menschen für Menschen	The aim is to help regions and free themselves from poverty.	National organisations in Austria, Germany, Belgium.	The project areas in Ethiopia cover approx. 57,000 km².	Donations
UNICEF	Protects children from hunger, violence and exploitation; ensures health care, access to drinking water and school.	Headquarters in New York; eight regional offices and 34 national committees	World wide	Voluntary contributions
Helping Hands for Africa	The aim is to help orphans and to provide a perspective for street children in Africa.	Headquarters in Frankfurt.	3 proj.: Osubi (Nigeria), Batoke (Kamerun) , Nungua (Ghana)	Supported by donations and sponsors.
SOS children's villages	Accomod. with SOS mothers for children who have lost parental care, or who risk losing it.	Over a hundred national associations across the world	The organization manages 546 villages worldwide.	Donations, governm. subsidies, institutional funding.
Erasmus Mundus – Al Idrisi II	Exch. between Europe and North Africa. Scholarships for undergrad. and master students, doctoral candidates, post-doctoral fellows and staff.	Scholarship scheme between EU countries and Algeria, Egypt, Libya, Morocco and Tunisia		Co-financed by the ***European Commission*** in the framework of the ***Erasmus Mundus*** programme
Rojava-Democracy in the Middle East	Political syst. based on democratic confederalism. Self-organ. Communes, neighbour-hood councils or village community councils.	Model developed in Rojava. Cooperation between Kurds and North Syria.		International help is limited to private social and political initiatives.
Jordan Compact: Special econ. zones (SEZs)	Jobs for refugees while boosting an ailing economy, by offer. businesses tax concessions, perks on the cond. they employ Syrian workers.	European Union	Jordan	$300 million World Bank loan; companies create jobs
Yumbe Experiment	Refugees in North of Uganda are free to move, have the right to work and should become independent through agriculture.	Uganda		The refugee camps are supp. by aid organiz. There are more than 30 in Yumbe alone.
Friedensoasen (oasis of peace) proposal by Bramhas and Stanzel	Reforestation of desert areas by refugees. Protection by military, self-determined work and human rights combined with labour and ecology.	European project; Austria should start, other countries could follow	Stable regions in conflict ridden African and Middle East countries.	Cooperation with Austria looking for sponsors , manage-ment capacities

Special zones would also require some legal status or certification (by regional organisations, the UN, the IMF, the WTO or a European authority). They have to cooperate with an international security organisation (Frontex, UN, etc.). These special zones can be created on the initiative of one or more European countries (e.g. Switzerland and Austria). NGOs should participate in their management, yet some of the management needs to come from the region in which it is located.

The duration of such experiments should be limited; the special zones should be reintegrated into the official authority when peace is achieved. The economic organisation should be gradually reintegrated into the official authority, and could to some extent learn from Hong Kong, from special zones within China, and from UN zones in the West Balkan region.

Summary

Our proposal is that Europe streamlines and upgrades its initiatives, and opens them to different experiments and non-governmental organisations. Parallel organisations to the former OEEC in the neighbourhood countries should be established, with a majority of members from the recipient countries on the board and NGOs participating. Europe also has to address counter-productive spending such as subsidising large farms, exporting weapons and allowing the illegal flight of capital to its members or tax shelters. Illegal capital exports are probably greater than the development assistance and also undermine democratisation. Job opportunities should be opened to asylum seekers, while the financing of autocratic regimes that lock up potential migrants in inhumane camps should be stopped. The creation of job opportunities near their countries of origin – whether it be in oases of peace, charter cities or special zones – is definitely the preferable alternative.

7. FINANCE NEEDED FOR CHANGING THE GAME AND METHODS TO RAISE IT

The financial means that need to be mobilised for a European Partnership Policy are not easy to determine, nor is it easy to estimate how much is spent by Europe today.

The reasons for this include the following:

- The financial requirements depend on the ambition to either provide short-run relief or a deep strategy change that also improves the situation in the long run
- Most estimates are limited to one or a few regions, many of them to Africa, where again they can refer to Northern Africa, North Africa plus Sub Sahara or the entire continent
- Estimates may refer to development assistance; partly, they also include peace-building or military and security expenditures, or support after catastrophes and epidemics
- They often mix annual flows and total stocks; and flows are often cumulated over a period; they can refer to investment or include operational or initial costs
- Costs can be in terms of the own capital required, while other estimates include money mobilised, including contributions from capital markets, and sometimes also capital injected by the private sector after some public or international programmes work
- Figures can refer to European expenditures or include investment by other countries (US and China), as well as expenditures by international organisations; they can include also private investment.

In the following, we try to figure out how much money is spent today, primarily by Europe. We make a guess as to what resources would be additionally needed for physical and intangible investment to make a game-changing impact on dynamics and stability. And, we present options of how the funds needed can be raised with minimal costs for the European taxpayer.

The financial goal envisaged in this paper

We make the courageous and ambitious estimate that an *additional amount of EUR 100bn per annum* in flows would be required for indispensable investment and operational costs. The money should be spent on long-run projects, including upgrading skills training, management expertise and governance. The geographical reach is primarily Africa and unstable countries in the Middle East. Eastern Neighbours (specifically the former USSR) and the West Balkan are not included, since pre-accession or regional European programmes are already applied here. Oil-producing Arab countries have their own financial reserves. Money spent on security and refugee programmes, fighting illegal human trafficking and smuggling remains outside of this estimate. The EUR 100bn assumption looks ambitious in relation to existing programmes, but is a lower bound estimate compared with the EUR 600bn estimated by the UN for meeting the SDG goals and the 20 million jobs needed in Africa alone annually.[33] The amount of EUR 100bn would be equivalent to 3% of today's GDP of Africa plus the Middle East and 0.6% of Europe's GDP.

Estimate of current efforts

Overall financing of external activities from the EU budget and the European Development Fund (EDF) amount to EUR 82bn for the period 2014-2020. Funding flows through various instruments which are organised according to thematic and geographical topics.[34] Official development assistance by the EU, including bilateral ODA from Member States, is estimated to amount to some EUR 20bn per annum.[35]

According to the European Commission, spending mobilised by the External Financing Instrument (EFI) amounts to EUR 17.4bn for 2014-2020, composed of EUR 15.4bn via the European Neighbourhood Instrument (ENI) and EUR 2.0bn via the Emergency Trust Fund (EUTF) plus some money for the migration compact. All these figures are cumulative over the "planning period" and have to be divided by seven 7 to obtain an average annual flow.

Estimating the amount of money spent by the European Union, excluding peacekeeping and emergency spending, the annual contribution is estimated to be around EUR 5bn. This sum cannot be compared to the EUR 100bn needed, since the latter includes expenditures by the neighbourhood countries, from EU member countries and other countries, the capital market and private sources. But the figures show that the efforts needed are very ambitious.

To provide three more reference points:

[33] The World Economic Forum (2017) estimates that some "15 to 20 million increasingly well-educated young people are expected to join the African workforce every year for the next three decades" (p.9).

[34] See Appendix 7, 8 (https://ec.europa.eu/europeaid/funding/about-funding-and-procedures/sources-funding_en).

[35] The Africa-EU Partnership, see http://www.africa-eu-partnership.org/en/about-us/financing-partnership.

Greenfield investment in Africa by EU members is estimated to be USD 12bn in 2016, that of the USA amounted to USD 3bn, while China invested USD 36bn.[36] The arms exports of Europe alone amount to USD 250bn, with these figures including intra-European exports and exports to other areas than the European neighbourhood. Global development assistance (ODA) for Africa amounted to USD 44.77bn in 2015.[37]

Table 6: EU external financing instruments for the period 2014-2020

Instrument	Amount in EUR mn
1. Thematic instruments	
Europ. Instrument for Democracy and Human Rights (EIDHR)	1 333
Instrument contributing to Stability and Peace (IcSP)	2 339
Partnership Instrument (PI)	955
Instrument for Nuclear Safety Cooperation (INSC)	225
All thematic instruments	*4 852*
2. Geographical instruments	
Development Cooperation Instrument (DCI)[38]	19 662
Instrument for Pre-accession Assistance (IPA II)	11 699
Instrument for Greenland (IfG)	217
European Neighbourhood Instrument (ENI)	15 433
European Development Fund (EDF)	30 500
All geographical instruments	*77 511*
Overall	***82 363***

Source: https://ec.europa.eu/europeaid/node/102322

Option for raising the additional money

Financing the additionally needed EUR 100bn could be raised by increasing expenditures from existing EU sources (direct budget, EIB) or a newly established external investment fund, by raising funding by EU member states, by an external investment fund initiated by the EU, by crowding in international finance after the success of a new partnership and the establishment of new financial instruments or funds, and using money parked in old ERP facilities. The partnership countries could increase their efforts were they to stop corruption and if Europe prevents capital flight to Europe or tax havens. Higher spending by China can be expected but is not included; international organisations, increased tax transparency and closing tax shelter would be complementary drivers of stability and dynamics and amplify all other efforts.

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[36] UNCTAD Investment Report 2016. Expenditures by Europe and the US in Africa in the year 2016 fell relative to 2015, those of China rose and overcompensated the decline.

[37] African Economic Outlook (2017), "Aid flows 2010-2015", Statistics, Table 11. http://www.africaneconomicoutlook.org/en/statistics.

[38] Contains certain thematic programmes, such as the Pan-African Programme and the Global Public Goods and Challenges (GPGC) Programme.

Extending the concept of the "Juncker Fund"

The Juncker Investment Plan for Europe[39] combined EUR 5bn in assets provided by the European Investment Bank with EUR 16bn of guarantees to trigger more than EUR 100bn per year in economic expenditures[40].

Inspired by the reported success of the Juncker Plan, the European Fund for Sustainable Development (EFSD) was launched in September 2017.[41] It goes in the direction of our proposal and should be initiated quickly and intensively in order to attract European investors, but also governments, civil society, youth and NGOs in partnership countries. It intends to boost private and public investment in partner countries. Although such investments might be seen as riskier and therefore could trigger lower crowding-in of investments, the expected rates of returns could be higher such that one can expect a similar multiplier effect: with an input of EUR 4.1bn from the EU budget and the EDF, investments of EUR 44bn are expected. If Member States match the EU contribution, the overall result could also be doubled to EUR 88bn (European Commission, 2016; Chadwick, 2017).

New financial products

A big slice of the money needed could be provided by new capital market instruments, e.g. so-called development impact bonds (DIBs) that would enable private and institutional investors to commit their available funds to the neighbouring regions of Europe. As an example, we can take the EIB's climate awareness bonds, which are a form of green bond.[42] The EIB has raised over EUR 11bn from green bonds, with EUR 3.8bn raised in 2016 alone. The same could be done with an African/Middle East Development Bond, where at least EUR 1bn per year is a realistic dimension. A common European bond for Africa should be much easier to implement and accept between member states than Eurobonds.

National governments and a new institution

All the instruments mentioned above require no or at least only minimal national contributions. These however could be raised given that most rich countries have not reached the goal of donating 0.7% of their economic output to development assistance. The countries in the OECD Development Assistance Committee (DAC) currently donate only around 0.32% of GNI, for the EU the figure is 0.51%. To approach the targeted level of spending from EU countries alone would thus result in some EUR 28bn of additional funding. Pekanov (2017) proposes a new institution for channelling ODA into partnership programmes.

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[39] With its major pillar the European Fund for Strategic Investments, EFSI.

[40] A total of EUR 315bn is reported under http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0903&from=EN.

[41] European Commission (2016x), "State of the Union 2016: European External Investment Plan: Questions and Answers", Fact Sheet, 14 September. http://europa.eu/rapid/press-release_MEMO-16-3006_en.htm.

[42] http://www.eib.org/eib.org/investor_relations/cab/index.htm.

Redirecting money parked in the successor funds of the US Marshall Plan

Finally, across Europe, there exist funds which stem from the repayments of the old Marshall Plan. They continue reinvesting on a revolving basis in Europe. For example, in Germany, the European Recovery Programme reinvested its available funds throughout the 90s in the former Eastern German regions. In January 2007, the German government reorganised the ERP Special Fund and contributed EUR 4.65bn to Kreditanstalt für Wiederaufbau (KfW) as equity capital and EUR 3.25bn as subordinated loans.[43] Money from the former ERP is still available in many European countries and could be redirected to Europe's neighbours.

Embedding assistance into general public policy in Europe

It makes no sense to expect the ability or willingness of governments or citizens to raise expenditures since public deficits are already high, or to raise taxes since the nominal tax rates in Europe are already higher than in all other regions in the world. And most European governments have promised to decrease the tax burden as well as deficits and debt.

Fighting tax evasion and closing tax havens could however boost revenues without changes in nominal tax rates. And expenditures could be shifted from multi-level administration as well as from large agricultural subsidies to the EPP, thereby promoting dynamics and stability in the European Neighbourhood.

Even if governments do not wish to raise any tax rates, an exception could be an international tax on speculative financial transactions (not on new stocks issued). A new EU initiative could be successful, given that the UK is leaving the EU and France has changed its government. Another revenue source which does not imply a new burden could be the use of the seigniorage of the European Central Bank, but its use for a neighbourhood programme would compete with the idea of using this for debt reduction. Fighting tax evasion within Europe, but also illegal capital exports from the neighbourhood countries, could be a revenue source without burdening taxpayers.

Raising contributions of international organisations

Besides national governments, international organisations would also need to contribute more. This could be done by expanding and strengthening existing programmes and initiatives, but could also be achieved by ensuring the necessary personnel and technical assistance, which will be crucial. This is where the experience of the past decades could be used. The World Bank, the IMF, the European Commission, the OECD and other international institutions could thus cover part of the costs for setting up the Partnership Programme by lending their experts to work for a limited period of time at the new agency, helping it to implement the best practices used at these organisations in the sphere of development aid.

Summary

To change the game in favour of a more dynamic and stable neighbourhood, we estimate that EUR 100bn of additional expenditures are needed. This goal is ambitious but manageable, if several or all of the proposed instruments are applied, particularly if they are applied simultaneously. This permits synergies and induces crowding in from capital markets and non-bank entities. Bilateral and

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[43] The designated purpose of the Special Fund is retained, though, because any earnings generated are used exclusively for ERP economic promotion and capital preservation.

multilateral cooperation would bolster the project, Africa's own efforts have started and its growth would be an investment opportunity welcomed by international investors in a period of "secular stagnation".

Resources mobilised can be expected to have a positive second-order effect if stability and dynamics increase, as well as organisation and governance improving. The amount of additional resources. EUR 100bn per year, therefore seems ambitious, but not out of reach, provided the strategy for the European Partnership Programme is comprehensive and also includes civil society and innovative experiments.

8. PROPOSALS FOR SIMILAR NEIGHBOURHOOD COMPACTS

Ever since the success of the post war Marshall Plan, the idea of the massive engagement of a country in a favourable position on behalf of countries considered less successful or in trouble arose, whether the region assisted was the developing world in general or in a specific region[44]. In recent years, proposals have focussed on Africa, since this continent has been full of conflicts, inflicted by AIDS, malaria and Ebola. And Africa was unable to participate in the accelerated dynamics of low-income countries during the last wave of globalisation. We restrict ourselves to three initiatives in this direction: that of the German government, that of the Senat der Wirtschaft together with the Club of Rome, and that of the Friends of Europe[45].

8.1 The German "Marshall Plan mit Afrika"

The initiative of the German government (Ministry of Economic Cooperation and Development) is built on three pillars: the first is economics, trade and employment, the second is peace and security and the third is democracy and the rule of law. The plan demands that free trade has to be substituted by fair trade, and that international social and environmental standards should be respected. Furthermore, arms exports should be reduced, tax shelters closed and illegal transactions stopped. Economic structures should be established by improving the "general economic conditions". Intra-Africa trade should be increased, the African Union (AU) and existing regional organisations should negotiate an African Free Trade Area (CFTA) for the whole continent[46].

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[44] In the 1970s, a Marshall Plan for the developing countries was proposed by Bruno Kreisky, Willi Brand and Olaf Palme (Kreisky Commission 1989). In the Nineties, the idea was discussed for Eastern Europe countries in the transition from socialist countries toward market economies (Kohler 1999), and Al Gore proposed a Marshall Plan to foster sustainability (see Gore 2006).

[45] Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), 2017; Senat der Wirtschaft 2017, Friends of Europe, 2017.

[46] The Assembly of Heads of State and Government of the African Union, 2012, adopted a decision to establish a Continental Free Trade Area (CFTA) by an indicative date of 2017. The Summit also endorsed the Action Plan on Boosting Intra-Africa Trade (BIAT) which identifies seven clusters: trade policy, trade facilitation, productive capacity, trade-related infrastructure, trade finance, trade information, and factor market integration. The CFTA should bring together fifty-four African countries with a combined population of more than one billion people and a combined gross domestic product of more than USD 3.4 trillion. The main objectives of the CFTA are to create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Customs Union. An Action Plan on Boosting Intra-African Trade (BIAT) provides a comprehensive framework to pursue a developmental regionalism strategy and has a target to double Intra-African trade flows between 2012 and 2022.

As far as institutions are concerned, a European Commissioner for Africa is proposed and an Africa Council of the European Commission should bring together the four members of the Commission currently responsible for Africa under the lead of the High Representative of the European Union for Foreign Affairs and Security Policy[47]. And Africa should get a permanent seat on the UN Security Council.

Existing funds and facilities for Africa should be used. The plan mentions the Facility of Peace, the Bekou Trust Fund, the EUTF fund which addresses migration and the EIP in general. For the magnitude of assistance needed, the plan recalls that worldwide USD 50bn of development assistance annually flows to Africa, in contrast to the EUR 600bn estimated to meet the SDG goals (UNCTAD 2016). A currency exchange fund should make Africa less susceptible on currency-related risks.

Germany should initiate a partnership for employment and vocational training, taking on board international partners (ILO, AfDB). Investment incentives to promote private investment should be provided as well as risk-reducing and financing instruments and a centre for digitalization. Subsidies for fossil-based industries should be reduced, and agriculture in Africa should "adapt" to climate change. The decentralization of energy production is not mentioned.

The title of the plan was eventually changed from Plan *for* Africa, to Plan *with* Africa. But the German philosophy and ownership of the plan cannot be overseen: Africa has to start its reform by improving "general economic conditions" as opposed to industrial or structural policy. Measures for upgrading agriculture are lacking. However, it is encouraging that the division of "giving and taking" should be replaced by a partnership-based system. Yet the text returns to the mentality of a patronizing teacher when it declares that "we have to take Africa at its word". In the following small chapter on partnership, the German authorship of the plan is cemented by using the word "we" seven times in only twenty lines.

8.2 Senat der Wirtschaft/Club of Rome

This document analyses dangerous global trends and also the fact that Europe is losing the support of its citizens. Ideas favouring a planned economy are rising on one side of the political spectrum and renationalisation on the other (where right and left-wing ideas overlap in populism). The Senat postulates that social and environmental elements should be part of economic development, but this idea has yet to be translated into trade agreements and WTO rules. This plan for Africa centres geographically on North Africa and the MENA region and refer to the Sahara and the Arab Desert as a joker for Africa's future, since these regions could potentially provide any energy needed without using fossil-based sources.

The report structures reforms into the following main messages:

- Limiting the doubling of the population predicted by 2050 by providing a social system, education, gender politics and jobs for young people.
- Means provided should go into renewable energy, infrastructure and reforestation.
- A Future Funds for Africa should be implemented, ultimately totalling USD 120bn in assets in 2030, and to a large extent be financed via capital markets. It could partly be a revolving fund.

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[47] This position is currently held by Federica Mogherini, who is also Vice-President of the European Commission.

- Connecting the Marshall Plan with Africa to humanitarian help but also legal migration to the benefit of both partners.
- Finally, recalling that improving living conditions is not only cheaper than social expenditures in Germany, but also superior in terms of human dignity in the countries of origin.

Higher levels of investment are needed than are provided by today's development assistance, given OECD estimates of deficits in infrastructure, perhaps by a factor of four. More finance is necessary, but not a sufficient condition for improving the situation. Partnerships with countries and institutions in Africa are essential, and the G20, UN and OECD should be taken on board. The Union for the *Mittelmeerraum* (UfM, with headquarters in Barcelona) and REC (Regional Economic Communities initiative) should also be invited to become partners.

Coaching a young unaccompanied migrant in Germany is 30,000 times more expensive than current development assistance (per person). Europe’s contribution would require even less taxpayer’s money if Europe were to prevent tax evasion in and illegal transfers from Africa. Illegal capital flight alone is estimated to amount to EUR 40bn per year. Development assistance to Africa is estimated to be USD 48bn for North Africa, and USD 15bn to Middle East countries[48].

The fulfilment of the Agenda 2030 is regarded as the main strategic goal for Africa. The main problem could be emigration due to rapid population growth, but also due to conflicts and climate change[49]. The current world order characterised by multilateral agreements and rules based on international structures could be endangered and a trend in the direction of a planned economy could arise.

A radical but important proposal is that WTO compatibility should be changed insofar as goods identical in function (for the user) should be treated differently based on whether social and environmental standards are respected in all sections of supply chains.

Money transfers should be conditional on social and environmental standards (which themselves could depend on the stage of development) and a minimum performance in terms of anti-corruption and transparency standards. Private-sector remittances which today primarily flow into consumption should be redirected into labour-intensive investment. Wage subsidies, training programmes, job search services for women and the upgrading of agriculture could enhance the impact of the pact on jobs.

The plan acknowledges differences but also common elements of the 1947 Marshall Plan and the new one in 2017. What is identical is the joint interest of partners, that substantial financial transfers are needed, but also the conditionality regarding governance and economic conditions.

8.3 Friends of Europe

This document has partly similar goals, but a different underlying philosophy, when compared to the document of the German government, and it has a broader pro-future strategy than the Senat.

Maybe its most important point is a vivid critique of the recent preoccupation of EU policy in relation to Africa with the problem of EU-inward migration (the “refugee problem”). According to the Friends of Europe, this has led to increasing EU-Africa tensions since the November Summit 2015 in La Valetta. Returns and readmissions are a priority, aided by border controls and tackling

[48] Iraq, Iran, Jordan, Lebanon, autonomous regions of Palestine plus Turkey

[49] The report cited that emigration caused by climate problems could reach 250 million people.

human trafficking and smuggling. Significant parts of the EU Emergency Trust Funds and official development assistance are now subordinated to migration (even reducing money going to small and medium-sized firms).

The overarching mission of European policy should be the long-term development of Africa, maybe followed by short-term improvements and, only as a third priority, Europe's own problems with refugees. Even solutions to this urgent problem – which are definitely needed – should take the necessary strategies for long-term development in Africa into account.

A second important proposal is to rely less on negative conditionality ("less if less") and more on positive conditionality ("more for more"). If negative conditionality is necessary, Europe should stress the problems inflicted by a regime, but remain connected to the people (see Schumpeter's proposal in Section 9).

Third, buffer-zone ideas within Africa and a focus on specific countries should not be followed; instead, a pan-African policy is necessary. Problems should not be tackled by means of bilateral deals and not deals with governments alone. Civil society should be included in all negotiations, even if it is known that the African Union is not a big supporter of including civil society in summits and negotiations. The civil society dialogue is currently too disconnected from the other parts of JAES.

Fourth, youth and gender should be cross-cutting issues. Europe should address the question that obesity had become the main problem substituting poverty and nutrition in many medium-income African countries.

Summarizing, the overarching priorities for an EU-Africa partnership should be long-run goals. Europe and Africa should work together to limit climate problems and invest in young people and jobs, gender and demography. The inclusion of civil society should be enforced.

The five challenges are governance, conflicts, agriculture, demography and infrastructure. The main instruments should be entrepreneurial support, economic investment and growth, better governance, anti-corruption efforts, education and training.

8.4 The G20 summits, rising self-confidence and a new actor

Renewed criticism of the patronising approach of Europe arose particularly after the G20 meetings in 2016 and 2017. Kappel (2017) spoke of a disappointment for Africa. The documents presented had been worked out without the participation of African governments or its civic organisations. What is needed is to improve African infrastructure and stimulate private investment. It would make sense if the process started with a summit at which African governments themselves could make commitments (presenting rules and guarantees). Perhaps initiatives from regional economic blocs in Africa would make more sense than waiting for an initiative from the African Union.

An even more fundamental criticism, following a line in development theory, is that help could in fact aggravate rather than improve the situation. Cooperation not starting with the involvement of citizens and their intrinsic determination to upgrade productivity cannot be good cooperation. Upgrading agriculture and improving education are the keys to African development. And Africa's development has to come from inside Africa (Shigwati, 2017).

There are currently many signs that Africa has started to shape its own development and has already "woken up". The Agenda 2063 of the African Union can be considered a good orientation guide. Young people supported by civic society are active in many countries, and many smaller and larger private initiatives have followed. Some countries achieve persistently high growth rates, developing clusters, business parks and public-private partnerships for cash-strapped countries (Ighobor, 2017). The internet and mobile phones have changed society. We can refer to articles and documents on how "Africa is rising". But this is a long journey, and World Bank indicators show that the "ease of doing business" is ranked in African countries far behind Romania, Mexico and Vietnam.

Furthermore, China has become a major new actor in Africa. Its greenfield investment activity is increasing rapidly and is now greater than that of the US and Europe combined. Many new infrastructure projects are being financed by China, often under Chinese management, and rely on Chinese labour characterised by low social standards. China is pursuing its own interests. The standards of the buildings are so low that they are unsafe. China's business conduct is often questionable, and some of the deals are very opaque. Environmental concerns are often pushed aside when physical infrastructure is built and trade between African counties is not a priority of the infrastructure projects promoted by China. Yet China avoids preaching (Collier, 2016).

9. TWELVE GAME CHANGERS

The Policy Crossover Approach relies on the historical experience of past approaches – primarily the US-sponsored Marshall Plan and development assistance – to carve out some principles for a new partnership between Europe and its neighbours under the specific conditions of both regions. This does not need to start from scratch since international organizations, the European Union and NGOs have been working on improving neighbourhood aid and assistance programmes.

We propose twelve characteristics to be followed, intensified and combined:

1. Three-stages: declaration of recipient countries, assistance, partnership
2. A multi-level approach with a decentralised start, learning and convergence
3. Autonomous efforts of the recipient countries, with the participation of youth, women, NGOs
4. The all-important role of education, including vocational training
5. Schumpeter-Al-Idrisi Exchange programmes for students, teachers and internet users
6. Grasping the chances of sustainability, from decentralised energy to smart cities
7. Removing obstacles created by Europe and the lack of international coordination
8. Building trust, improving the external view of Europe, partnership under diversity
9. Long-run goals should not be overshadowed by the refugee crisis
10. Partnership policy is important for all countries, not only for close neighbours
11. Partnership policy is an integral part of responsible globalisation
12. Reliance on reform facilitators, derived from successful transitions

1. Three stages: decision by recipient countries, assistance, partnership

The process should ideally start with the decision of the partnership countries to accelerate development and catching up. They know more about their own situation, strengths, possibilities and problems. It will start with considerable uncertainty about the possibilities, technologies and knowledge. Grassroot reforms have started in many countries, reaching the level of local governments in some of them. It is not trivial to consider the extent to which the technologies, governance and management techniques of European countries should be copied or alternatives tried, and how much assistance will be needed and welcomed.

After this "declaration of intent", Europe can fine-tune its strategy for assistance, as well as its conditions for management and operationalisation. In doing this, information about best practices in Europe and the recipient countries could be very helpful. Assistance programmes can then deliver their full benefits without paternalistic dominance of the steering countries. Successful implementation of the partnership will highlight visible improvements as the partnership intensifies and becomes a partnership on an equal footing, with both partners working together to solve global problems, ranging from preventing global warming to trade, investment security and health.

In the third phase of a programme, the role of steering versus receiving fades into the background and a true partnership of equals develops, despite different historical and cultural backgrounds and, to some extent, remaining differences in terms of income levels.

Two-stage or three-stage processes may also be required in other areas, from schools to city planning and agriculture. If property rights are defined and agricultural products are to be produced, massive investment in machines, storing, cooling and logistics is necessary to close the efficiency and quality gap. But this has to start from structures, products and technologies very different from those of large farm units in Europe. Along the same lines, a manufacturing sector will be necessary in the medium run in all countries, but a substantial number of the firms will come from former small and medium-sized firms after upgrading performance and defining and enriching existing strengths. If industrialization primarily comes from foreign direct investment, there should be plans (or even quotas in early phases) for national sourcing and for providing smaller and less experienced firms with national facilities to improve the production process to some extent based on endogenous knowledge.

2. A multi-level approach with a decentralised start, learning and convergence

There is no single blueprint for partnership and no single actor on each side. The diversity of the countries as well as the uncertainty about what works is too great. Different countries have different priorities. There are a multitude of actors on the steering side: the EU, international organisations, sponsors and NGOs. And there are governments, regions, civic society and often local organisations on the recipient side. Waiting for agreements between all steering countries and all recipient countries would delay assistance for too long. All possible interactions are welcomed between countries, provinces, NGOs and international organisations. Nevertheless, it makes sense to have sound information about the multitude of the initiatives and instruments in order to prevent overlaps and these also neutralising each other. Learning about successes and failures is all-important. If the goals and methods are similar, cooperation pays off. To accelerate these processes of learning, there could be coordination bodies in each country and one for all partners on each side. The OEEC after World War II might offer a blueprint for Africa or the Middle East, monitoring projects, progress and performance. And international conferences make sense if they coordinate rather than prevent multi-level activities.

3. Autonomous efforts of the recipient countries, participation of youth, women, NGOs

The impetus for catching up and improving material wellbeing usually comes from the outside, through a comparison with leading countries, sometimes also from a quest to regain a past, relative position. This leads to urgency and involves a significant role for foreign finance, management and technology. Industrialised countries are willing to assist other regions in catching up – out of a mix of egoistic and altruistic motives, and international consultants may provide support. Technology transfer, management assistance and subsidiaries of transnational companies are engines for closing income gaps. They accelerate development, but this can also lead to development traps, whether these be the specialization in less dynamic industries or a follower perspective without the development of own technologies, skills and networks.

The better long-run strategy is to develop a country's own priorities and alternative technologies better suited to the regional circumstances. This enables more independent development and longer-lasting advantages. Some technologies fit better to small and medium-sized firms or to countries with an agricultural base. There are also advantages for newcomers, in as far as they can more easily overcome a past technology choice that has eventually become inferior. The incumbents are often unable or unwilling to accept a new technology due to "path dependency"; they have specialised knowledge and sunk costs. Examples of dominant transnational firms not able to switch to new technologies exist in the photo, computer and wireless communications industries. Dominant firms in the automotive industry stick to the combustion engine, which allows start-up firms and China to dominate in the field of alternative drive technologies.

An autonomous component in recipient countries exists and should be encouraged. Reforms require many actors and, most often, new actors. Therefore, the participation of young people is necessary, women should play a larger role, and NGOs have to be included. The mandatory cooperation of young people, women, minorities or pro-poor initiatives are already standards for some development assistance programmes.

All countries catching up have persistently had some programmes to limit the overarching influence of foreign capital and technology and to invest in their own priorities even if some shelters for nascent industries and upgrading agriculture were necessary[50]. This does not mean that imported capital and technology is not necessary for transition, but successful countries follow a two-tier strategy of importing technology while complementing it with endogenous skills and smart diversification.

4. The all-important role of education, including vocational training

Physical investment – infrastructure such as highways, airports, maritime ports and electricity grids – are centrepieces of international cooperation programmes, development assistance and catching-up ambitions. The socialist countries planned to surpass the US through a high share of physical investment and large firm clusters (so-called *Kombinate*). And Keynesian economists equate government expenditures with public investment[51]. The so-called Juncker investment fund (EFSI) was originally intended for tangible investments only, and in practice these still dominate. China's ambition to regain the leading position in the world relies on large infrastructure programmes ("silk roads")[52].

[50] The infant industry argument supports this approach in economic theory.

[51] They are calling for "golden rules" of sound budgeting, but propose only subtracting physical investment from public deficits, since these were supposed to raise future growth (not resources for research or education). See Truger (2016), Aiginger (2016).

[52] The reason behind the preference for physical infrastructure is that megaprojects are highly visible, politicians can claim the honour of initiating them. Investors also love to finance them and big multinationals get the largest share of the projects. Reforming a school system, as well as removing barriers for the

But the most important driver of growth, and even more of wellbeing, is education, defined in a broad sense, from pre-schools to recurrent learning. This is gradually being acknowledged for advanced countries in economic theory, where skills and technology substitute physical investment as the main growth engine. But education is also vital important for catching up. This cannot be accomplished through sweat shops and imitation only, but by providing opportunities for change (see Sen, 1999). Physical infrastructure accelerates development, but requires international capital and imported technologies; education provides endogenous capabilities and these determine long-run success.

Education improves health, reduces child mortality and extends life expectancy. It is also the most humane way to reduce overpopulation.[53] Education reduces the power of inherited structures and clans, and works against prejudices as well as authoritarian rulers. It reduces the attraction of solving conflict with force and the superiority felt by nations. Literacy enables communication, the use of new technologies and the positive consequences of digitalization. Education was the basis for the Arab Spring (Lungu, 2016), for toppling dictatorships, and is the key to the integration of migrants and refugees into European society.

Education has many facets. Literacy, reading and writing skills constitute the beginnings in preschool or elementary schools. This is followed by craft-related skills or a combination of further theoretical education and internships in firms (vocational training) and, finally, universities, ranging from applied to world-level universities. It is not only the average level of education that determines the performance of economies, but also its distribution. Educational choices are very much inherited, dependent on the level of education of the parents, the region and sometimes also religion. Education should be connected to daily needs and work. It should not be a once-in-a-lifetime experience but a lifelong pursuit, and homogeneity of the outcome is not the goal.

To summarise, catching up and a new partnership depend on improving intangible investment, innovation and institutions. Megaprojects are visible signs of success, international finance loves to invest in them, but they are only the necessary precondition for progress. Any partnership programme should start with a scrutiny of the education system by the recipient country, with the assistance of international education experts.

5. Schumpeter-Al-Idrisi exchange programmes for students, teachers, internet users, NGOs

Europe should invite its neighbourhood to study at its universities, to exchange individual scholars individually or as classes, and provide inter-cultural holiday camps. The programme should organise information tours for young people and prospective leaders through big European cities, including Brussels, but also promote information tours for Europeans in the neighbourhood countries. It will offer insight into the institutions and media of the partner. Researchers and employees should be invited to spend sabbaticals at European firms, business schools and government training academies.

The system of vocational training should be offered to all interested neighbours, with European teachers setting up facilities in neighbourhood countries if these countries invite them. Experiments

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underprivileged and their offspring, is more difficult; it requires human resources, engagement and civil society involvement.

[53] Educated women tend to postpone the birth of their first child, oppose child marriage and use contraceptives, and they do not seek their only life fulfilment in creating a large family. (Sachs, 2017).

could start with mixed teacher teams from assisted countries and from Europe. This can be done through the EU, national governments, business organizations, foundations or trade unions.

The exchange should be bidirectional, even if it cannot be on an equal footing in all respects. Teachers and professors from neighbourhood countries should teach for one term in Europe, and European professors should teach the other semesters in a neighbourhood country. Split professorships should be envisaged, where professors recurrently spend one term in a neighbourhood country and one at a European university.

Classes in Europe and in partnership countries could have a "mirror" class in the other region for learning, chatting and playing. This would also be an efficient method of exposing prejudices and fake news.

Retired managers, experienced workers or teachers should engage in neighbouring countries, as could teachers from neighbouring countries who have lost their job or family, in order to make a new start. Women with free time again after rearing many children could engage in European social and educational institutions.

The proposed Schumpeter-Al-Idrisi programme is a modification of the US-sponsored Fulbright programme after World War II, which connected US academia with European elites often sceptical about the role of the US as a world police force, for example fighting in Vietnam. However, the idea is extended here to non-researchers and non-leaders and the Schumpeter programme should be open to many experiments, but be managed at least partially by partnership countries. It may receive the majority of its funding from Europe, but it would be even better if it were co-founded with expatriates from the neighbourhood countries. It should support a multiplicity and variety of initiatives. The impact will be to enhance wellbeing and reduce external and internal conflicts and demonstrate that heterogeneity pays off. As long as there is no European programme, individual member countries could start individually.

Schumpeter was a great innovator, stressing not only technical but also societal innovations. The funding of the "soft component" of a new partnership between Europe and its neighbours would qualify as a rather radical innovation, even if the process has to start with small steps. Al-Idrisi was an African writer, cartographer and scientist with a multicultural background born in Ceuta in 1100; his reputation is acknowledged in the title of the Erasmus Mundus Programme which connects North African and European universities (Wurm, 2017)[54].

6. Grasping the chances of sustainability, from decentralised energy to smart cities

Economic growth is today often viewed critically, as it causes emissions, deforestation, land use and waste (the environmental "footprint"). It may also weaken personal contacts, empathy and leisure.

[54] Erasmus Mundus Al-Idrisi I and II was designed as an institution-based network of mobility involving nineteen North African and European partner universities, six associate universities, three associate institutions, as well as the ministries of higher education in the region. Providing equal access to higher education and improved training to socio-economically disadvantaged students was one of the programme's core ideas. The programme was offered at the undergraduate, master's, doctorate and post-doctorate levels, as well as for academic staff. In addition to educational expenses, the European Commission's funding of the programme comprised a monthly subsistence allowance, travel and insurance costs and tuition fees. The duration of the educational programme could vary, depending on the mobility type, mainly from six to ten months at the undergraduate, master's and doctorate levels.

Strategies therefore have to be developed in which the doubling or tripling of GDP – feasible in the coming decades in most European neighbourhood countries – is different from "business as usual". It should even be possible for emission reductions and improved social relations to be converted into drivers of development and an asset to be exported. Africa can be the lab for a new sustainable development path. Arab countries have the money for large investments but can either use these for oil-based indoor skiing or for alternative energy and social innovation. Black Sea Region countries can either opt for military systems and internal repression or become the bridge between Asia and Europe. Africa can become the vanguard of locally produced alternative energy, successful reforestation and water sourcing under difficult circumstances.

Sustainability means production with minimal emissions of carbon or other greenhouse gases. The "functions" providing welfare, such as mobility, housing and communication, should be achievable with the highest energy efficiency and the largest share of alternative energy, and the lowest material inputs as possible.

Progress should no longer be measured by GDP alone, but by a mix of social, environmental and health indicators as provided by the Sustainable Development Indicators or Beyond GDP goals.

Social innovation allows for new forms of cooperation, alternative villages and cities. This requires pre- and post-school education and fosters cultural understanding. Different religions should cooperate; teachers and students should interchange between schools and regions, the same holds for different nationalities.

The internet and smart phones should be used for information, production, services and health purposes. They reduce distances, expand horizons, and inform about possibilities, needs and choices.

7. Removing obstacles created by Europe and the lack of international coordination

Europe is already investing in and cooperating with its neighbouring countries. It offers free trade agreements with access to the European market (for some countries, even preferential access). But Europe also has institutions which at the same time heavily restrict development, in Africa generally, and in agriculture, specifically. Removing them would often be optimal for both partners and would cost less than large-scale assistance programmes. Removing harmful practices should also require fewer organisational efforts and micro-interventions.

European Common Agricultural Policy provides large-scale subsidies in Europe for big farms, even if several reforms have included environmental criteria. The industrialised agricultural techniques in Europe (and even more so in the US), together with low transport costs, permit long-range transportation of semi-finished products. They are much cheaper than the products of small-scale farming and are therefore even sold in Africa (examples: tomato paste and frozen hens), preventing endogenous production and their local distribution or exports to nearby neighbours.

Industrial fishing techniques are used by international shipping fleets and fishing rights are sold by some African governments, even if forbidden by international laws. Europe does not prevent this free-riding of some African countries at the cost of endogenous fishing (e.g. by including surveillance in preferential trade deals).

Shipping is a cheap long-range transport method for basic goods, as it uses inefficient and dirty fossil-based technologies. There is not tax on emissions and the use of modern and relatively clean technologies is not controlled by international or European organisations.

Many African countries decelerate sustainability by subsidizing fossil-based technologies. They cannot prevent illegal capital exports[55] and continue buying arms. It would improve partnerships and make for an efficient assistance if Europe were to stop these welfare-reducing activities. This could be done via international trade and investment agreements, increasing transparency and closing tax havens. Subsidies for fossil-based energies prevent alternative technologies, e.g. for housing, communication and commuting.

In international trade agreements with Europe, there is no upgrading of standards if they are different and there is no differentiation between products according to the production methods used. Multinational firms based in Europe are not incentivised to use best-available technologies or they invest in low-income neighbourhood countries.

8. Building trust, improving the external view of Europe, partnership under diversity

A partnership between heterogeneous countries is difficult. Even more so if there is a history in which conflict, land and resource grabbing and colonial regimes have reigned. The same holds where one religion claimed superiority over another (as during the Crusades). This led to deep scepticism of many neighbouring countries about "European values" and intentions. Even if some of these problems between Europe and its neighbourhood occurred long ago, it is vital to work on regaining or establishing trust at all levels, from government to media, schools and firms. The Schumpeter-Al-Idrisi programme would work in this direction, but it requires intensive efforts, and any indication of falling back on old patronizing ideas or proposals poses a threat to the upcoming trust. The trust of citizens in their own institutions is now accepted as important to growth and development, while trust in the other country is all-important to good trade relations, cooperation in social and environmental affairs and the acceptance of assistance.

9. Long-run goals should not be overshadowed by the refugee crisis

Supporting growth and wellbeing in the Europe is one of the long-run goals of a European neighbourhood strategy. These goals increase the dynamics of social inclusiveness and investment in new technologies and alternative energies in Europe, as well as in the neighbourhood. If this policy is successful, the refugee crisis can be solved more easily, since higher growth in Europe promotes integration and the dynamics of the neighbourhood eliminate the incentive to look for better life opportunities through emigration. In the last two years, the danger arose that solving the refugee crisis would be the most important and overriding goal. Governments in the neighbourhood are "bribed" if they prevent refugees from leaving their country in the direction of Europe, even if their own governance and democratic basis is very low and if the potential migrants are put into prison camps. This is suboptimal for the neighbourhood countries because it decelerates development and democratisation and increases instability and radical opposition. And it is not optimal for Europe, as it prevents the integration and better distribution of migrants according to their skills and labour demands in Europe. Priority should be assigned to the long-run goals and this will mitigate disruptive emigration in the long run more efficiently than short-run priorities that undermine the goals of partnership.

[55] Capital flight is estimated at EUR 40bn per year. This money is often transferred to European banks or tax shelters tolerated by Europe. Europe's total arms expenditures are estimated by SIPRI to amount to USD 243 bn.

10. Partnership policy is important for all countries not only for close neighbours

European countries have always tended to pay more attention to countries in their immediate neighbourhood. Germany and Austria were heavily engaged in the transition of Central and Eastern European countries, while France was involved in Mediterranean policy, and Spain and Portugal in globalisation with respect to Africa and South America. But a common market and integrating European Community have increasingly common goals. If income inequalities are to be limited and environmental sustainability increased, and if economic dynamics are to increase employment and reduce unemployment, then the partnership policy becomes important to all countries and influences all policy strands. If Greece, Southern Italy and Spain decided on a neighbourhood policy with respect to Mediterranean countries, and if Bulgaria, Rumania and the Baltic countries decided on neighbourhood policy with respect to their Eastern neighbours, policy would be very difficult, financial assistance would be impossible and competition for the same markets would be overwhelming. Therefore, European Partnership Policy has to be a pan-European project designed by the Commission, the European Council, the European Parliament and all member states. This enables a partnership and allows Europe to communicate with other leading partners in globalisation, from the USA to China.

11. Partnership policy is an integral part of responsible globalisation

Up to now, Europe has not shaped globalisation. Social goals and environmental concerns have not been implemented in trade and investment compacts. With the US to some extent retreating from principle-based globalisation and China entering as a new world power, it is becoming more important for Europe to try to engage in designing a responsible globalisation strategy. This requires the application of these principles (see Aiginger & Handler, 2017) in its neighbourhood policy and trying to invite them to shape the rules for globalisation, in addition to looking for partners in countries with similar value systems, whether this be in Canada or California.

12. Reliance of reform facilitators, derived from successful transitions

Recommendations exist regarding which instruments and principles facilitate long-run and deep transitions (see Aiginger, 2016, WWWforEurope). One is to overcome resistance through a vision and clearly defined goals. A second is to bundle reforms, since each isolated reform will have more losers than winners. A third is to invite and engage new actors, such as young people, women, NGOs, grassroots movements, the internet generation and social media in the reform process. A fourth is to not go for "corner" solutions such as a single overarching goal while neglecting others, but to go for comprehensive goals and be open to compromise. These and more facilitators are essential to development assistance. We have already mentioned that overly strict conditionality will not work, but also that money cannot be given without the adherence of the receiving partner to the goals and without the monitoring of success.

To summarise, there are many ideas that support a new partnership. Programmes have already been started at the EU level, and in agreements between Europe and its neighbourhood. The upcoming EU-Africa Summit in late November will be another milestone in improving the partnership, as will the redrafting of the Cotonou Agreement, due in 2018. We believe that the twelve principles mentioned are all-important to the future success of the partnership. Most of them are already on the agenda, but we call for greater emphasis or assign a slightly different meaning than in other proposals. A central message is that the partnership will only work under strategies developed by each partner first and then coordinated between them.

10. CONCLUSIONS, CAVEATS, TIMING

An active European partnership policy with its neighbours to the South and the East is needed and would boost wellbeing on both sides. Partners considered, in the context of this report, are defined as countries outside of, but close to, geographical Europe, regions without ambitions or the possibility of becoming EU members. Europe alone, with its declining share of income and population, is set to become an ever-weaker agent in the globalising world. Its currently low dynamics are not compatible with inward migration from countries in which populations are rising fast and political conflicts and climate change are causing stress. Growth rates in the neighbouring countries are twice as high as in Europe, and this could serve as an external growth engine and a region in which to invest, diversify and experiment with carbon-free technologies. Therefore, a partnership policy with the neighbourhood is in Europe's own interest, but also mitigates the problems of its partners.

Europe also has a responsibility to its neighbours; they have been asymmetric partners, supplying oil, raw materials and resources for Europe's industrialisation. When the US were engaged in a conflict, Europe stood on the sidelines without trying to pre-empt conflicts or insisting on post-conflict strategies. The arms exports of European countries were not restricted nor made dependant on peace-building and democratic regimes. Environmental catastrophes, including over-fishing and deforestation, were not prevented. Europe was preoccupied first with its own integration and then with EU enlargement towards the South and the East. Developments in Turkey and in Ukraine vividly show the results of past neglect. If Europe does not engage in more intensive cooperation with its neighbours, alternative hegemonies are likely to arise.

The Challenge

However, partnership is not an easy task, given the heterogeneity of the partners, in particular the differences in income, governance and culture. But history shows that the assistance of a strong partner with a mix of egoistic and altruistic motives can be successful. After WWII, the US offered Europe large sums of convertible currency to buy goods for recovery and investment, not least to prevent communism spreading if Europe did not recover quickly. Guidance by the donor was soft since Europe wanted to import US goods due to their quality and technology. They encouraged the recipient countries to design a strategy for how they would eventually become independent of aid. A think tank was established in Paris, the OEEC, the predecessor of today's OECD. Europe was encouraged to promoted intra-trade, to prefer investment over consumption, and to liberalise markets. It started the large European integration project which the US favoured at that time.

This report draws on the experience of aid, transitions and partnerships, but also on the current strategies of international organisations and European enlargement and neighbourhood policy. It carves out twelve game changers which could transform a neighbourhood, sometimes referred to as a "ring of fire", into a dynamic and stable partner. The investment required is estimated to be EUR 100 Euro per year in addition to existing programmes, but will pay off due to reduced costs of military conflicts, disruptive migration, new fences and borders within Europe and the chances of a dynamic market and a partner in "responsible" globalisation.

Focus on intangible investments

The most important goal of the new partnership is to upgrade all phases of education, from pre-school to vocational training and higher education, with the first two being most important for low income countries and sub-regions and the latter for medium income and emerging economies.

Physical infrastructure is important too, but not sufficient. Institutions and governance have to be improved, intra-country mobility and trading with adjacent countries fostered – not only exports to the global market.

Autonomous declaration of intent at the outset

Each neighbouring country should design an autonomous strategy, defining status, priorities, chances and ambitions as well as sectoral upgrading. It is vital that this is not a top-down project, but includes bottom-up elements, youth, women and minorities. New strategies may be developed based on the experience of other countries, international experts and expatriates could be consulted, a regional think tank similar to the OEEC should be established.

Three-stage strategy

Some conditionality is necessary to motivate support in Europe but also to improve institutions and wellbeing in the assisted countries. However, conditions have to be well explained to recipient countries. Even better, the process of partnership could start with a declaration by the recipient country about its economic and social goals, the priorities and reforms intended. After such a declaration, the steering country should define its conditions and instruments and how the adherence to rules and success will be monitored. In the third stage of the partnership, conditionality becomes rather marginal, while mutual learning becomes the top priority. Conditionality should never be paternalistic and the rule should be "more for more" and never "less for less", as the former is motivating and the latter discouraging.

Multi-level approach

A partnership of very different countries requires many levels of interchange. Waiting for successful negotiations between all neighbours on each side would take undue time; the same holds for the manifold international organisations which will not easily agree on a joint strategy. Satisfactory progress will only be made if all partners agree on common goals and inform all levels concerned, including very small groups, single sponsors and local recipients. We present best-case examples of such partnerships which do not need to be initiated by a central government or international organisation.

Exchange programmes

Education systems should be interconnected with programmes both for scholars and students and also blue-collar workers, vocational training and lifelong learning. The programmes should offer visits to and sabbaticals at European institutions, and European teachers could be invited as trainers to neighbouring countries. This idea follows the Fulbright Program of the US and we refer to it as the Schumpeter-Al-Isidri Programme, with reference to the well-known European innovation expert and an African writer and scientist of the 12^{th} Century, highly esteemed in Africa. His reputation was also used in the Erasmus Mundus programme of the EU which started a partnership between universities in Africa and Europe. Professorships can be envisaged which involve half a year in a partner country and the other half in Europe.

Rebuilding trust

Not always and not in all countries has Europe's reputation in the neighbourhood been good. Memories of crusades, of colonial regimes and of World War II are still alive. In more recent times, neglect and contracts focussing on European market access but at the same time allowing nontariff barriers for imports have caused strains in the partnership. In addition, unconditional support for US military ambitions is recalled and will fade away only gradually and by means of specific efforts. Rebuilding trust and interconnecting the internet generations must be the basis for the partnership. Europe will have to accept that mutual learning is necessary and that there is no model that fits all.

Removing barriers

Europe should not only offer aid, but also remove direct and indirect barriers to the optimal specialisation of its neighbours. Subsidies (e.g. for agriculture) should be reconsidered under the aspect of unfair competition for nascent processing industries in Europe. Europe should reduce subsidies on fossil-based energy, stop illegal capital exports and parking money in its banks and offshore. If essential for starting industrialization, limiting imports for a brief period of time should be accepted. Trade and investment contracts should demand multinational firms to use the best-available technology at their subsidiaries.

Sustainability as a driver of catching up

Neighbourhood countries should go for excellence in renewables, locally produced energy and carbon-free transport. The climatic conditions for alternative energies are excellent; pilot projects which are not feasible in countries with less sunshine and wind can be tested. Digital technologies and teleworking should be deployed to provide a chance for people to remain in their region of origin and not to cluster in megacities and new suburbs.

Partnership policy as an integral part of responsible globalisation

Europe has so far not contributed much to shaping globalisation. This was accomplished primarily by the US, by US-dominated international organisations and by multinational firms. If social and environmental standards were different between countries, the impact of globalisation and of trade and investment tended to circumvent them. Responsible globalisation would mean upward convergence of standards towards the more ambitious (Aiginger & Handler, 2017; Rodrik, 2016; Summers, 2016).

Long-run goals should not be overshadowed by the refugee crisis

Recent waves of "disruptive" migration to Europe have fostered political opposition, populism and calls to return "illegal" migrants to their home countries. Money is being offered for preventing migrants entering the EU. However, the refugee crisis should not dominate neighbourhood relations. The long-run goals of both partners are to raise incomes, employment and sustainability. Education, innovations, the rule of law and good governance should remain the top priorities. They enable legal migration based on demand and learning, and reduce disruptive migration waves. If migration remains unmanageable in spite of all the positive partnership-based activities, temporary emergency measures could be justified. But even these should focus on providing employment near the place of birth and ensuring recurrent education as a win-win project.

Partnership policy is not just for close neighbours

Intensifying relations with neighbours is in the interests of all European countries. Limiting cooperation with the southern neighbours to Italy, Greece, Portugal and Spain would be a mistake, as would delegating neighbourhood relations with former Soviet countries to the most-eastern EU member states. Aside from the positive impact of better ties to immediate neighbours, there is also the factor of greater competition and, in some cases, a record of relations burdened by history.

Reliance on reform facilitators, derived from successful transitions

Lessons learned from other far-reaching transitions should be respected in the new partnership strategies. There should be no single-issue approach but, instead, combined goals, and openings vis-à-vis partners should be bundled, as any opening may harm some groups while bringing advantages for others. New ideas will work only if new agents are vanguards of the new partnership. Civil society, NGOs, young people and minorities must be invited to promote it.

Summing up, European partnership policy does not need to start from the scratch and the twelve game changers are not entirely new, even if the specification and priorities are different from other proposals. They are partly reflected in proposals for specific compacts (e.g. with Africa, often in the context of the Marshall Plan), they can be found in the European Neighbourhood Policy of the EU Commission, in the resilience initiative of the European Investment Bank, and in the documentation of international organisations. But it is important to put them together and improve them in a strategy developing synergies. And it is vital that both partners can learn and improve policy decisions and wellbeing. The heterogeneity of the partners may not make partnership easier, but makes it more rewarding.

The upcoming EU Africa Summit (AU–EU summit) in Abidjan is an opportunity to stress the importance of the partnership with Africa. This document is work in progress, with the aim of increasing awareness and improving on current strategies.

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Appendix 1: Financing the ENP and related programmes

The financing of the ENP is predominantly subject to provisions in the Multiannual Financial Framework (MFF), the long-term financial frame of reference of the EU. It lays down the maximum annual amounts which the EU may spend in different political fields, currently for the period 2014 to 2020. Within the MFF, Heading 4 – Global Europe, covers all external action of the EU and is mainly composed of the External Financing Instruments (EFI) that provide support to third countries and people abroad.[56]

Not included in the MFF is the **European Development Fund (EDF)** which is endowed by direct contributions from EU Member States and provides aid for development cooperation with African, Caribbean and Pacific countries, as well as overseas countries and territories.

Funding for the ENP comes from the **European Neighbourhood Instrument (ENI)**[57], which builds on the achievements of the previous European Neighbourhood and Partnership Instrument (ENPI). For the period 2014-2020, the ENI budget amounts to EUR 15.4 billion which are available for the bilateral, multi-country and cross-border cooperation programmes.

The bulk of funding is used for bilateral cooperation, tailor-made to the needs of each partner country and based on agreed partnership priorities. Concrete projects are based on a bilateral ENP Action Plan (AP), which is mutually agreed between the EU and each partner country. The AP sets out an agenda of political and economic reforms with short and medium-term priorities and serves as the political framework guiding the priorities for cooperation.

Complementing bilateral cooperation, ENI funding also supports regional, Neighbourhood-wide and Cross Border Cooperation (CBC) programmes. Up to 5% of the ENI budget should be allocated to the CBC programmes. Among the regional cooperation initiatives are the Eastern Partnership (EaP) and the Union for the Mediterranean (UfM).

Financial assistance through the ENI has improved over time via enhanced coordination with international financial institutions to ensure a rapid delivery of funding via greater flexibility in the use of trust funds. There was growing recognition among EU institutions and Member States that there was a need to bring together various sources of funding to address migration in a more coherent way and to act more rapidly. It was also felt that a political signal was needed to encourage African partners' cooperation on migration. A vivid example is the European Union Emergency Trust Fund (EUTF) which was launched as a response to the inadequate instruments to address the root causes of irregular migration and displaced persons in Africa (Castillejo, 2016). The EUTF runs from 2015 to 2020 and can be extended if needed. The total fund stands at EUR 1.982 billion, although it has been agreed to channel an extra EUR 500 million allocated to the five African migration compact countries through the African EUTF.

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56 https://ec.europa.eu/europeaid/public-consultation-external-financing-instruments-european-union_en.

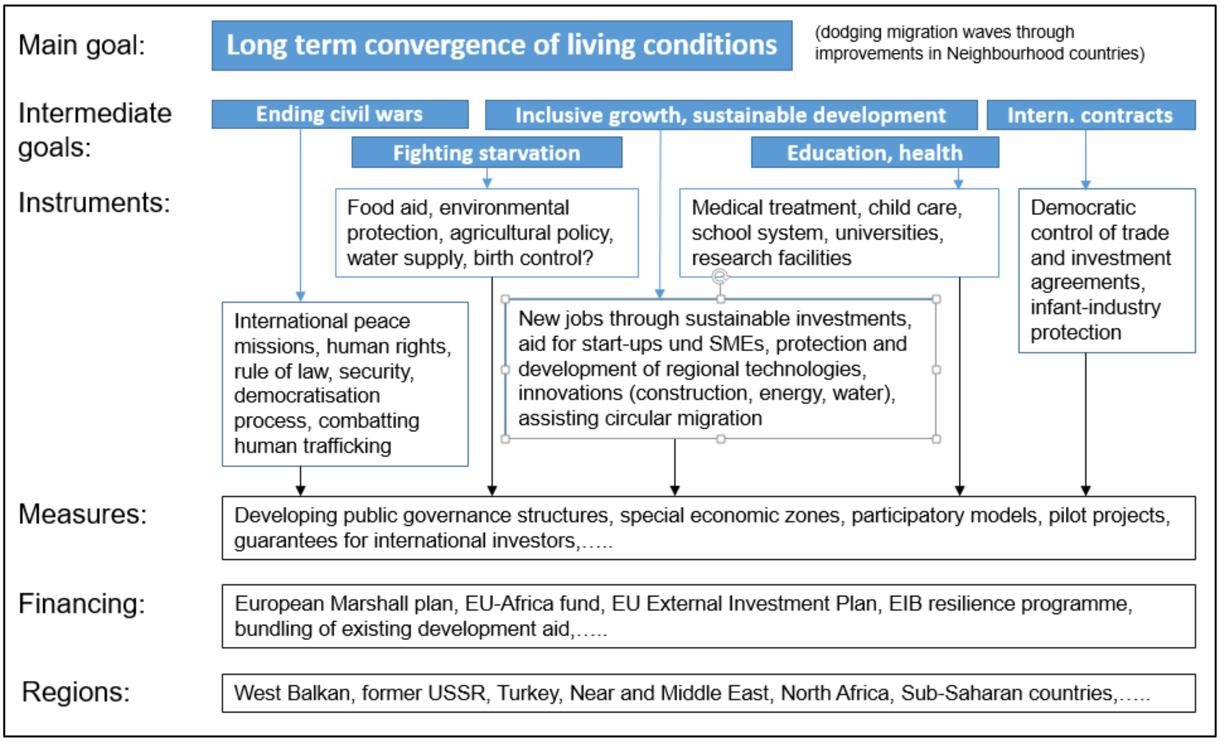
57 See Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (http://www.europarl.europa.eu/intcoop/acp/03_01/pdf/mn3012634_en.pdf).

Appendix 2: EU external financing instruments for the period 2014-2020

Instrument	Amount in € mn
3. Thematic instruments	
European Instrument for Democracy and Human Rights (EIDHR)	1 333
Instrument contributing to Stability and Peace (IcSP)	2 339
Partnership Instrument (PI)	955
Instrument for Nuclear Safety Cooperation (INSC)	225
All thematic instruments	*4 852*
4. Geographical instruments	
Development Cooperation Instrument (DCI)[58]	19 662
Instrument for Pre-accession Assistance (IPA II)	11 699
Instrument for Greenland (IfG)	217
European Neighbourhood Instrument (ENI)	15 433
European Development Fund (EDF)	30 500
All geographical instruments	*77 511*
Overall	***82 363***

Source: https://ec.europa.eu/europeaid/node/102322

Appendix 3: Indicative framework for European partnership policy



[58] Contains certain thematic programmes, such as the Pan-African Programme and the Global Public Goods and Challenges (GPGC) Programme.

Appendix 4: UN Sustainable Development Goals (UN, 2015b)

Goal 1.	End poverty in all its forms everywhere
Goal 2.	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3.	Ensure healthy lives and promote well-being for all at all ages
Goal 4.	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5.	Achieve gender equality and empower all women and girls
Goal 6.	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9.	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10.	Reduce inequality within and among countries
Goal 11.	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12.	Ensure sustainable consumption and production patterns
Goal 13.	Take urgent action to combat climate change and its impacts*
Goal 14.	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15.	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16.	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17.	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

* Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

Appendix 5: Overview of Neighbourhood countries with various partnership agreements

Country (Region)	Agreement	In force since
A. Agreements in place:		
Albania (Western Balkans)	Stabilisation and Association Agreement	2009
Algeria	Association Agreement	01/09/2005
Armenia	Partnership and Cooperation Agreement	09/09/1999
Azerbaijan	Partnership and Cooperation Agreement	1999
Bosnia and Herzegovina (Western Balkans)	Stabilisation and Association Agreement	01/06/2015
Egypt	Association Agreement	01/06/2004
Georgia	Association Agreement	01/07/2016
Israel	Association Agreement	01/06/2000
Jordan	Association Agreement	01/05/2002
Kazakhstan	Partnership and Cooperation Agreement	1999
Kosovo (UNSCR 1244)	Stabilisation and Association Agreement	01/04/2016
Lebanon	Association Agreement	01/04/2006
Macedonia, Former Yugoslav Republic of (Western Balkans)	Stabilisation and Association Agreement	01/04/2004
Moldova	Association Agreement	01/07/2016
Montenegro (Western Balkans)	Stabilisation and Association Agreement	01/05/2010
Morocco	Association Agreement	01/03/2000
Palestinian Authority	Interim Association Agreement	01/07/1997
Russia	Partnership and Cooperation Agreement	01/12/1997
Serbia (Western Balkans)	Stabilisation and Association Agreement	01/09/2013
South Africa	Interim Trade, Development and Co-operation Agreement	01/05/2004
Syria	Co-operation Agreement	01/07/1977
Tunisia	Association Agreement	01/03/1998
Turkey	Customs Union	31/12/1995
B. Agreements provisionally in place:		
Botswana (SADC)	Economic Partnership Agreement	10/10/2016
Cameroon (Central Africa)	Interim Economic Partnership Agreement	2014
Ghana (West Africa)	Stepping stone Economic Partnership Agreement provisionally applied	15/12/2016
Ivory Coast (West Africa)	Stepping stone Economic Partnership Agreement provisionally applied	03/09/2016
Lesotho (SADC)	Economic Partnership Agreement	10/10/2016
Madagascar, Mauritius, the Seychelles, and Zimbabwe (ESA)	Economic Partnership Agreement, signed 08/2009	2012
Mauritius (ESA)	Economic Partnership Agreement, signed 08/2009	2012
Mozambique (SADC)	Economic Partnership Agreement	10/10/2016
Namibia (SADC)	Economic Partnership Agreement	10/10/2016
South Africa	Economic Partnership Agreement	10/10/2016
Swaziland (SADC)	Economic Partnership Agreement	10/10/2016
Ukraine	Deep and Comprehensive Free Trade Agreement, Association Agreement, signed 29/05/2014	01/01/2016
Zimbabwe (ESA)	Economic Partnership Agreement, signed 08/2009	2012

Source: http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/

Appendix 6: Major Development Policy Institutions

Major Development Policy Institutions

United Nations
- 2030 Agenda for Sustainable Development – 17 Sustainable Development Goals

World Bank Group
- International Development Association (IDA)
  Total commitments (including guarantees) in FY 2016 (ending 30 June 2017): $19.5 bn

OECD – Development Assistance Committee (DAC)
- Official Development Assistance (ODA) – goal: 0.7% of national GNI
  Estimated global development co-operation flows 2015: $156 bn (of which $75.5 bn from EU and EU-MS)

EBRD – gross annual disbursements 2016: €7.5 bn

Other development banks
- African Development Bank Group – approved operations 2014: UA 5.05 bn
  - African Development Bank (AfDB) – UA 3.20 bn
  - African Development Fund (ADF) – UA 1.59 bn
  - Nigeria Trust Fund (NTF) – UA 11.5 mn
- Asian Development Bank (ADB) – total lending 2016: $31.70 bn

UA = Unit of account = 1 SDR
≈ 1.2 € ≈ 1.4 US$ (as of Oct. 2017)

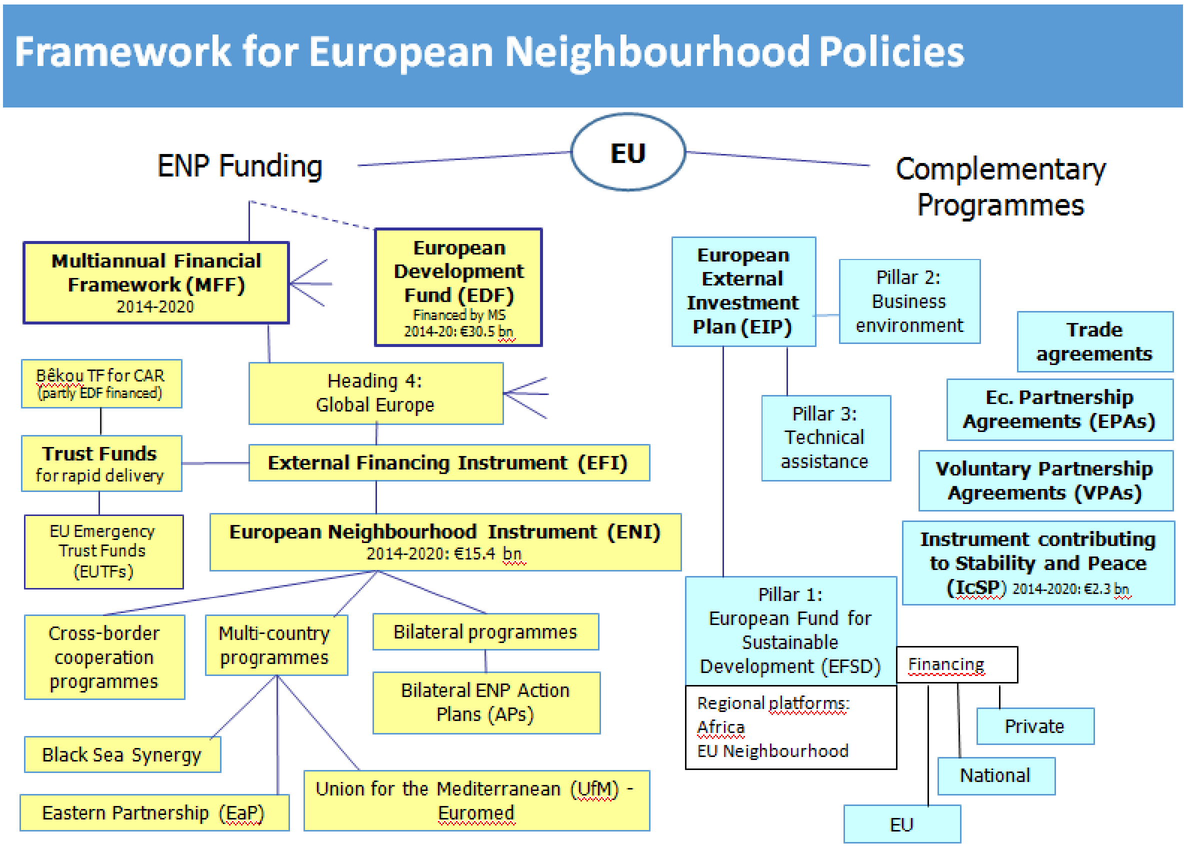
European Union
- European Neighbourhood Policy (ENP)
  European Neighbourhood Instrument (ENI): 2014-2020 budget of €15.4 bn
  European Union Emergency Trust Fund (EUTF): approved programmes (as of Oct. 2017): ≈ €2.0 bn

Sovereign Wealth Funds (SWFs)

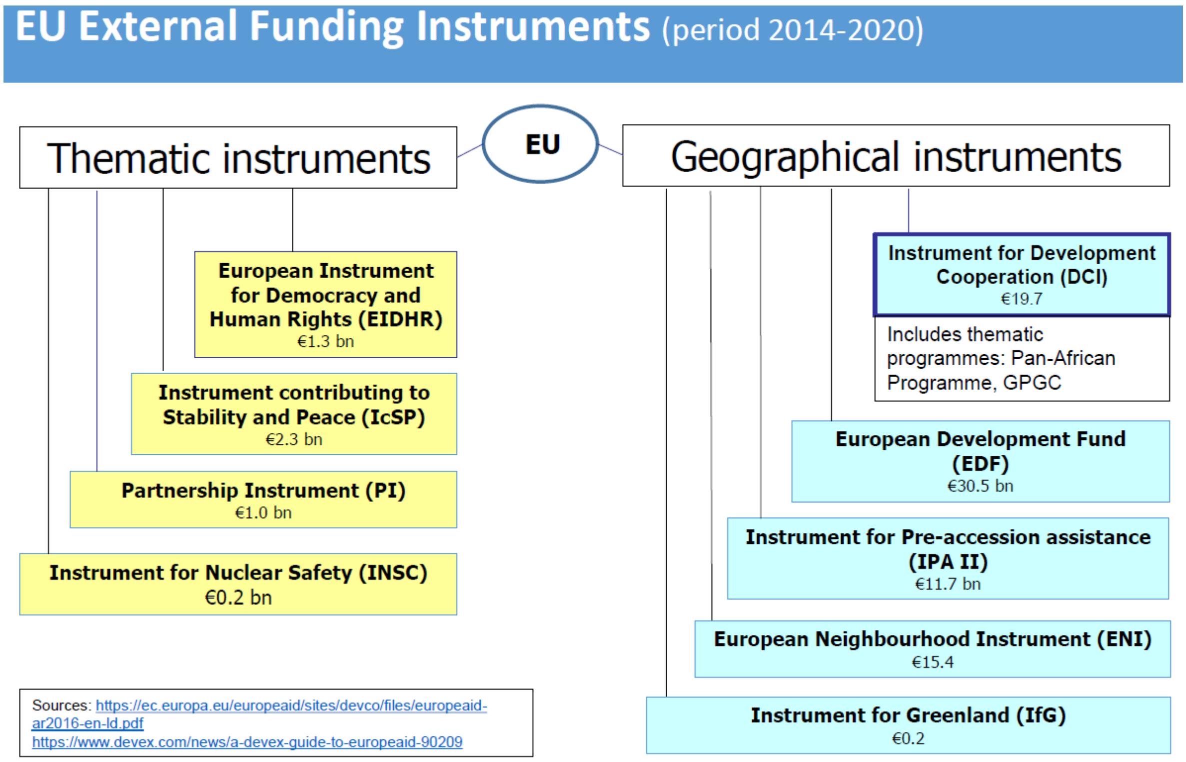
Private activities
- Earth Institute (Jeffrey Sachs)

QD hh 1

Appendix 7: Framework for European Neighbourhood Policies



Appendix 8: EU External Funding Instrument



The Policy Crossover Center: Vienna-Europa

The platform Policy Crossover Center: Vienna – Europe (PCC) is an interdisciplinary discussion platform for developing ideas and solutions for economic, social and ecological problems in Europe. The aim is to provide integrative, open solutions as opposed to "my country first". Europe is a peace project and should counteract populist and nationalist tendencies through cooperation, economic dynamics and social responsibility. It has a responsibility to its neighbors and could help shape globalization. Empirical and interdisciplinary evidence provides the basis for reforms, which are pluralistic, bottom up, and based on the support of the population, new actors and youth..

Research Topic 1: "More or less Europe?"
New challenges such as climate change and fighting tax evasion can only be dealt with internationally. Europe-wide regulations can actually lead to a greater scope of action at the national level. Innovative, problem-specific solutions can then be developed based on national priorities due to the fact that international restrictions and leakage effects are eliminated. We demonstrate this in the case of tax regimes, fiscal and climate policy, and for globalization. Best practice examples are regional and research policy..

Research Topic 2: "Europe taking the lead in responsible globalization"
Globalization has led to overall welfare gains, but the effects vary according to countries and groups. Europe is definitely no loser of globalization, but it did not shape the rules. As the world's largest economic area, given the retreat of the US from globalization, and the quest for leadership by China with its different socio-political model, Europe should switch to a more active role. This would give the chance to promote social and environmental standards as well as European values. A vision of a "responsible globalization" is delineated

Cooperations
Coooperations partners: European Dialogue, Ökosoziales Forum, Österreichische Gesellschaft für Europapolitik (ÖGfE), Österreichisches Studienzentrum für Frieden- und Konfliktlösung (ÖSFK), We build Europe, WinQuadrat, Wirtschaftspolitischer Club, WIWIPOL – Arbeitsgemeinschaft für wissenschaftliche Wirtschaftspolitik. Cooperations with organizations and platforms are welcome! A special concern of the Policy Crossover Center is the involvement of youth. The younger generation will decide Europe's future and hence decide upon nationalist versus open solutions.

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- Reading recommendations for articles and books
- Invitation to exclusive discussion rounds and collaboration on central topics
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Who we are
Karl Aiginger, Heinz Handler, Anna Kanduth, Vanessa Koch and Alina Pohl. draw up concepts and coordinates, complemented by a core group of 20 experts in economics, social sciences and policy advice.

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