

The New Shift in the Cooperation of the European Union With Middle and Upper-Middle-Income Countries

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The objective of this article is to analyze the new cooperation of the European Union, in particular with middle and upper-middle-income countries, in order to understand the development policy of the Union in view of the new global scenario, taking into account the new status that these countries have acquired and the implications of this entails in international cooperation processes. This leads us to delve into how the EU cooperates with the middle-income countries and more advanced developing countries. The contribution of this work addresses some of the challenges and perspectives that are currently being planned about the EU's development policy, providing different elements of analysis and reflection on its future evolution.

Keywords: international cooperation, middle and upper-middle-income countries, European Union, sustainable development

Introduction

The policies of cooperation and development aid are currently changing their approaches and practices worldwide. The main objective is aimed at ending poverty and moving towards sustainable development. In this scenario of change, the European Union (EU) development cooperation has become more selective and is concentrating more and more on the poorest countries.

To this, it must be added that in 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs); in addition, in that same year, the Paris Agreement on Climate Change and the Addis Ababa Action Agenda on financing for development were approved. This change led to a new international scenario of differentiation and graduation for some countries, thus the EU directs its cooperation according to a minimum approach¹ for middle-income countries (MICs), which may be inconsistent with the 2030 Agenda and the fight against climate change.

These new times demand that the European Union adapt its policies of cooperation and development, implementing (and financing) innovative forms of association suited to the particular realities of the countries and the global challenges of sustainable development, which should not necessarily mean the end of the bilateral cooperation with MICs. In this way, the challenges for the external action of the EU in the upcoming decades, including those defined in the Global Strategy of the Union's Foreign and Security Policy (2016); the

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¹ This means that bilateral aid will only be granted to low-income countries, while MIC and UMIC are considered for cooperation in the form of political dialogue and regional or thematic aid from the EU.

revised European Neighborhood Policy (2017); the new European Consensus Development (2017); the 2030 Agenda; the Addis Ababa Action Agenda (2015); the Paris Agreement on Climate Change (2015); and the Sendai Framework for Disaster Risk Reduction (2015), constitute the axes on which the EU's commitment to the most advanced developing countries and middle-income countries is based on the financing of development, although these norms do not always offer clear guidance.

The international and community regulatory framework establishes a new paradigm to achieve the SDGs, based on the efficient use of all financial flows, as well as non-financial means of execution (European Commission, 2018, p. 1). In this change of paradigm, the policy of cooperation for development cannot be understood without the new European Consensus for Development (2017), which aligns the development policy of the EU with the SDGs and the 2030 Agenda, since this instrument establishes a common vision and framework for action for all EU institutions and all the member states, with special emphasis on the development of cross-cutting vectors, such as: (a) gender equality; (b) youth; (c) sustainable energy; (d) the fight against climate change; (e) investment; (f) migration; and (g) mobility. To achieve these objectives, the EU needs to modernize the external dimension of the budget with the aim of increasing its effectiveness, efficiency, and visibility, as well as greater coordination between external and internal policies.

Given the growing interconnection of regions and new challenges around the world, it is necessary to emphasize that states alone cannot give an effective response to these global dynamics; instead, the EU together with its member states can face these new challenges and opportunities, as well as playing a key role in the benefits of globalization to spread the values of the EU, and provide security and stability to its citizens; in all of this, the EU's external action programs represent an essential part.

In order to continue and provide a response to the objective we have stated, it is necessary to explain the transformation that has taken place in the last decade regarding the designation of official development aid (ODA) beneficiaries, which directly affects the middle and upper-middle-income countries and the cooperation policy for development of the EU.

The document encompasses three major aspects of the EU's new cooperation dynamic with the countries that have acquired a new status due to their economic performance: middle-income countries and upper-middle-income countries. The first part deals with the conceptual framework to analyze the shift in the cooperation of the European Union. The second part describes the normative and strategic framework of the EU's cooperation policy specifically with middle and upper-middle-income countries; and finally, the third part touches upon some of its most important financial instruments of the external action toolbox with middle-income countries.

A Conceptual Framework for Analyzing the Cooperation of the European Union With the Most Advanced Developing Countries

The level of per capita income is the main criterion for grouping countries according to their level of development, and therefore, for the allocation of international cooperation flows. The World Bank (WB) uses gross national income (GNI) per capita to generate income thresholds and classify countries into four groups: low-income countries (LICs), middle-income countries (MICs), upper-middle-income countries (UMICs), and high-income countries (HICs).

The most advanced developing countries (MADC) include MICs and UMICs (see Table 1). The technical significance and its usefulness are perceived in terms of the differentiating category from which the profile of

those who are in a position to receive help is designed and those who have already passed that frontier, which theoretically would disable them to be candidates for receiving cooperation.

Table 1

Upper-Middle-Income Economies (GDP per Capita \$4,036 to \$12,475)

Albania	Colombia	Jamaica	Palau
Algeria	Costa Rica	Jordan	Paraguay
American Samoa	Cuba	Kazakhstan	Peru
Angola	Dominica	Lebanon	Romania
Argentina	Dominican Republic	Libya	Serbia
Azerbaijan	Equatorial Guinea Ecuador	Macedonia. FYR	Russian Federation
Belarus	Fiji	Malaysia	St. Lucia and the Granadines
Belize	Gabon	Maldives	Suriname
Bosnia and Herzegovina	Georgia	Marshall Islands	Thailand
Botswana	Grenada	Mauritius	Turkey
Brazil	Guyana	Mexico	Turkmenistan
Bulgaria	Iran, Islamic Rep	Montenegro	Tuvalu
China	Iraq	Namibia	Venezuela.

Note. Source: World Bank (2017).

As a reference of the destination of the aid in the new paradigm, the denomination and categorization of this countries are ambiguous since they all are labeled as “graduated” countries (OECD, 2017), and from there, the recommendation of not being eligible to obtain development cooperation is given; at the same time, it is pointed out that they are countries that are in conditions to contribute to development. It seems that we are facing a new category of countries that distinguish themselves thanks to certain characteristics they share, but also, they have a good number of realities that differentiate them.

The paradox that leads to this simplification referred to as MICs—consistent with the indicators considered by the WB and the OECD (Organisation for Economic Co-operation and Development)—is clear when we take into account that approximately 47% of UN members belong to this category and that almost all of Latin America would be in that condition, with the exception of Haiti, as the most emblematic case of low-income country.

Cooperation of the European Union With Middle and Upper-Middle-Income Countries

The EU and its member states consider MICs and UMICs as allies in combating global issues and as important counterparts for building leadership in different regions. The possibilities for cooperation include global collective action and mutually beneficial partnerships that go beyond the classical scope of development cooperation. The debate on the most advanced developing countries focuses on two points (ECDPM, 2018, p. 1):

(a) How to improve collaboration with upper-middle-income countries and some low-middle-income countries with which the EU wishes to forge partnerships in favor of sustainable development, based on common interests.

(b) How to guarantee the continuity of relations and the validity of the lessons learned in the field of cooperation when countries cease to be eligible to receive ODA; according to the list of the Development Assistance Committee of the OECD.

MICs and UMICs are classified as such according to a single indicator (per capita income) which is limited in scope and does not reflect the diversity and complexity of the development challenges facing these countries, such as poverty, inequality, vulnerability to economic setbacks, climate change, or natural disasters, lack of innovation and competitiveness in dynamic economic sectors, the risks of falling into the “middle-income trap”, and institutional weaknesses. Together these countries have the largest number of poor people in the world, so we run the risk of global development cooperation no longer being effective if the support given to them is suppressed or insufficient.

The MADCs also have certain subnational structural inequalities, which means that the growth of the average income of the population alone does not necessarily translate into an effective reduction of poverty or a better distribution of wealth, thus the label “more advanced developing countries” could be a conceptual innovation that poorly reflects the reality of some of these countries, for this category includes countries as diverse as Argentina, Mexico, Kenya, or China.

In view of this diversity, the use of categories based on average income for the construction of development policies, and in particular, to determine the withdrawal of development aid has been criticized from various sides. The 17th goal of the 2030 Agenda sets the aim of developing indicators that “measure progress in sustainable development and complement gross domestic product”. This can be considered as a basis for constructing more appropriate sustainable development measures.

The Cooperation of the European Union Towards Middle and Upper-Middle-Income Countries

The EU’s development policy seeks to eradicate poverty, promote the sustainable development of developing countries, defend human rights and democracy, promote gender equality, and overcome environmental and climate challenges. Development policy is a cornerstone of the EU’s relations with the outside world and contributes to the objectives of the EU’s external action, together with foreign, security, and trade policy (and international aspects of other policies as a means environment, agriculture, and fishing). The Union acts on a global scale together with the member states; together they are the main providers of ODA: only in 2017, they contributed a total of €75.700 million (Development Assistance Committee [DAC], 2017).

The EU and its member states have consistently been at the forefront of global efforts in the area of financing development. Since 2015, the year of the adoption of the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development, EU collective aid has grown by €7.8 trillion, which is 12% of total aid in the world (European Commission, 2018). The EU, in recent years, has had to face a series of internal and external challenges that are closely interrelated, in which the goals and objectives of the external action set out in Article 21 of the Treaty of the Lisbon Union (2009) have been subordinated to short-term or national interests.

The EU has introduced a differentiating approach to development cooperation by reducing financial support for countries graduating to the middle-income category. The differentiation will apply to these countries in the next MFF 2021-2008. Despite this, the European Union must support the MICs to achieve the SDGs; but it is up to each partner country to determine how it wants to do it. The EU can use its support methods to help national processes and help create favorable conditions so that they comply with the 2030 Agenda and the SDGs. EU aid must be adapted to take into account the specific situation and needs of each country, together with the added value that such assistance can bring and an assessment of the specific interests and potential risks for the EU. The starting point should be, in general, the assessments made by the countries

themselves of their needs and how they can be addressed.

In the process, the EU should respect the involvement of the partner country in the process, as well as the principle of coherence in the development of policies that affect developing countries, and the principle of sectorial concentration with regard to development cooperation. Also, it should take into account a comprehensive and lasting approach that will allow the EU to help in the democratic and economic transition processes faced by the MICs. For this, coordination between the different authorities involved is important.

The Regulatory Framework of the Development Policy of the European Union

EU action in the field of development cooperation is governed by the principles of aid effectiveness, coordination with the member states and international actors, and the coherence of European policies with development objectives. Development policy occupies a central place in the Union's external policies. Its objectives are to eradicate poverty, promote sustainable growth, and defend human rights and democracy; it also focuses on promoting gender equality and overcoming environmental and climatic challenges.

The Treaty of Lisbon (2009), also known as the TFEU, has placed cooperation policy as one of the central objectives of the EU; as stipulated in Article 208, "the main objective of the policy of the Union in this area will be to reduce and, finally, eradicate poverty" (p. 141). The Treaty identifies four key elements: coherence (Article 208 of the TFEU), consistency, complementarity, and coordination (Article 210 of the TFEU). The principle of "coherence" is essential to achieve the objectives of development cooperation policies, since it establishes that "The Union shall take into account the objectives of development cooperation when applying policies that may affect developing countries" (*Official Journal of the European Union*, 2010, p. 142).

Article 210 of the TFEU states that in order to promote the complementarity and effectiveness of their actions, the Union and the member states shall coordinate their policies on development cooperation and shall coordinate their aid programs, also within the framework of international organizations and international conferences.

The importance of coordinating aid with other donors was established in the "European Consensus on Development" of 2000, revised in 2005, modernization of the European Consensus of Development (2017), the "Code of Conduct of the European Union on complementarity and Division of the Work" of 2007 and the Operational Framework based on the international aid effectiveness agenda: The Paris Declaration (2005), The Accra Agenda for Action (2008), and the EU Common Position for Busan (2011).

The "Program for Change": differentiation and concentration of aid (2011), aims to concentrate EU assistance on a smaller number of political priorities -democracy, human rights and "inclusive growth", as well as in poorer countries; and increase the effectiveness of EU aid by concentrating on three priority sectors in each recipient country, with at least 20% destined for social integration and human development. In this approach, the criterion of differentiation plays a key role, which aims to adapt the Union's aid to a world in which the economic growth of the emerging countries places them in a new role as "Partners" to face the global challenges and not in their role as recipients of ODA.

Development aid is a limited resource. For this reason, the Union is committed to the effectiveness of aid and promotes close relations with partner countries in terms of programming and implementing development actions. With this perspective, the "EU Code of Conduct on the division of labor in the field of development policy" was adopted in 2007 and the "Operational framework on the effectiveness of development aid" was adopted in 2011. These measures are consistent with the international measures undertaken in response to the

2005 Paris Declaration of the OECD, which promotes ownership, harmonization, alignment, results, and mutual responsibility in development assistance.

Years later, new agreements were adopted to improve the impact of cooperation for development, based on the principles of the Paris Declaration. The Declaration of Bogotá (2010) committed the partners to exercise South-South cooperation in order to deepen the exchange of knowledge and mutual learning. The Declaration of Dili (2010) proposed to counteract conflicts and the fragility of the State through processes directed by the countries themselves, towards the consolidation of peace and the construction of the State. Finally, the Istanbul Principles (2010) had been established with the aim of providing guidance to civil society organizations on how to become effective development actors.

The international framework on aid effectiveness has been reviewed twice, on the occasion of the Accra Agenda for Action (2008), the Busan Alliance for Effective Development Cooperation (2011), the Sendai Conference (2015), and the Addis Ababa Action Agenda (2015) on financing for development is considered an integral part of the 2030 Agenda. The Addis Ababa Action Agenda, as an integral part of the 2030 Agenda, establishes a new application paradigm through the use of effective use of financial and non-financial means and placing national action at the forefront, as well as viable policies.

In addition, the 2030 Agenda is complemented by the Sendai Framework for Disaster Risk Reduction and the Paris Agreement on Climate Change, which entails the integration of the global cooperation agendas for development and protection for the environment, as well as an improvement in the integration of the funding agenda, which provides a legally binding framework and gives a new direction to the global efforts to combat climate change. The achievement of these commitments must be sustained on a rules-based world order, with multilateralism as a key principle and the United Nations as the axis.

The Global Strategy of the European Union and the European Consensus on Development (2017)

The eradication of poverty continues to be the priority objective of development policy according to the new consensus. The text is structured around the five priorities of the 2030 Agenda: people, the planet, prosperity, peace, and association. International cooperation and development have gone from being a policy focused on mitigating measures to offering an opportunity to share joint values with partner countries based on shared agendas.

The EU changed its operational strategy by introducing a differentiating approach to development cooperation in the Multi-Annual Financial Framework (MFF) 2014-2020. In the MFF (2014-2020), it channeled funds to the least developed countries and reduced funds for other countries. It also committed development funds to certain countries for a limited number of years, instead of the full MFF cycle, after reviewing the needs of partner countries. Likewise, the EU graduated certain MICs; in these cases, the European Commission (EC) offered assurances that countries will receive support in other ways, for example through political dialogue and responsible trade cooperation.

The European Consensus on Development adopts the 2030 Agenda with explicit commitments from the EU institutions and the EU states and commits the EU to create innovative cooperation mechanisms, adapted to the different stages of development of middle-income countries.

The Global Strategy of the European Union (2016) and the European Consensus on Development (2017) are the drivers of the EU's commitment to the most advanced developing countries, but they do not offer clear guidance. This is partly due to tensions between different objectives: for example, between an emphasis on the

EU neighborhood and the 2030 Development Agenda; or between the short and long-term interests of the EU. The new concept of “adaptation” entails different interpretations: (a) adaptation of the EU’s external commitment to the interests of the EU; (b) support the results of the political dialogue and dialogue of sectoral policies, with the partner countries on the basis of mutual interests; and (c) graduation approach: using development cooperation tools specific to each country.

The benefits of greater agility and administrative and political flexibility supposedly generated by adaptation must be opposed to the risks of a piecemeal approach and less responsibility.

Although the EU’s priorities in the neighborhood have led to a substantial increase in aid to middle-income countries, there are large differences between different countries and between the external financial instruments of the EU. Income-based development measures leave little room for political maneuvering, but they are manifestly inadequate as a tool for policy making in a diverse world. This compensation could be smoothed out by a more coherent and adapted approach that creatively combines all the means of EU implementation. Better collaboration with the member states and in all EU institutions, and closer cooperation with actors beyond governments and the development community, would also help.

The Principles of Adaptation and Graduation: Graduation

The European Consensus for Development (2017) is based on the EU’s Change Program (2011), which establishes the principles of differentiation (concentration in the countries that need it most) and graduation (the end from bilateral aid to some UMIC). For some actors, the principle of adaptation means adapting the commitment to European interests. For others, “adapting” is about supporting the results of a political and policy dialogue, between the EU and partners based on mutual interests. The interest in specifying a specific policy for the more advanced developing countries or establishing a list of more advanced developing countries in practice is low. This gap in the discussion could be detrimental to the definition of a more coherent, effective, and innovative approach.

The step from graduation to gradation² could allow continued participation in a new form of international cooperation; because of this, the new paradigm of development and cooperation for development requires designing a set of effective instruments for developing countries. All these tools of the set follow a graduation approach that allows continuing to support countries that stop receiving development assistance (ECLAC, 2018, p. 41).

In the current set of EU’s external financing instruments (EU’s EFD) and their underlying policies, countries with similar challenges can be treated differently due to the configuration of the EU, rather than their needs or even its relevance to the EU. An example is a way in which the Agenda for Change, a policy aimed at focusing EU assistance on the poorest countries, has resulted in different EU EFIs. Under the Development Cooperation Instrument (DCI), the richest countries are excluded from the bilateral aid of the Union.

The external financial instruments of the EU that cover the MICs and more advanced developing countries differ in the justification of the collaboration, their geographical coverage, and the size of their budgetary allocations to the middle-income countries. As a result, countries that face similar problems can be treated differently depending on the instrument used, instead of being considered according to their needs or even their relevance to the EU.

² The graduation mechanism is based on countries passing from one income level to the next and no longer qualifying for assistance sources to support their development.

The European Development Consensus (2017) established that cooperation priorities must emanate from an association based on political policy dialogue, which promotes shared interests for the exchange of experiences and knowledge. The new instrument of Neighborhood, Development and International Cooperation of the European Commission gives greater importance to mobilize the knowledge of public administrations.

The EU can contribute to the institutional development of MICs in several ways, such as budgetary financial support, blending, including, where appropriate, state construction contracts, project support, policy dialogues, and technical assistance, the exchange of good practices and “twinning”; these are all mechanisms that promote exchange between the national administrations of the European countries with the partner countries of the neighborhood, the candidate countries of the EU, and with third countries. The overall objective is to support institutional development and the rule of law. These mechanisms are aimed mainly at public administrations with the intention of developing institutional capacities and building stronger and more reliable institutions with partner countries.

The Toolbox of the European Union

The EU’s toolkit for political relations, financial resources, and expertise is an important asset in its collaboration with middle-income countries and more advanced developing countries. The EU has at its disposal a multitude of diplomatic, technical, and financial tools to collaborate with middle-income countries: political dialogue, political coherence for development, aid donations, technical assistance, knowledge exchanges, triangular cooperation, and mediation in South-South cooperation.

These are tools that the EU could use more effectively and with more flexibility. A better use of the toolkit could help to address existing gaps in funding and better mediate between the multiple, sometimes conflicting, goals that the EU intends to achieve at the international level. In the context of the presentation of the EU budget after 2020, the debate on medium and high MICs risks being affected by the change of priorities and focusing on the concern to protect the resources already allocated to the MADCs, and its neighboring countries. The compensation is real and must be observed carefully. But the debate on the EU’s commitment to the MICs is much broader.

As it has been mentioned before, a vast range of tools is available to the Union, including political and policy dialogue, policy coherence for development, knowledge exchange and technical exchanges between public administrations, fusion, and others. In this sense, the EU should make use of its financial, political, and technical toolbox as a package, where several tools can be adapted to different circumstances. However, this must happen under the umbrella of clear and shared objectives in the Union and in dialogue with third countries. A better division of labor and greater collaboration among the EU Member States, whenever possible, could be a win-win option for an EU more in tune with the times. It could also help solve some of the anxieties of those member states that are concerned about protecting funds for their priority areas.

The EU’s toolkit for political relations, financial resources, and expertise is an important asset in its collaboration with middle-income countries and more advanced developing countries. The effective use of tools would be a means to better address the inevitable contradictions that result from limited political and financial resources. Contradictions exist, for example, in finding the balance between the EU’s commitment to the least developed countries and cooperation with middle-income countries; or between the focus in neighboring countries and the global ambitions of the Union.

The current emphasis on combined funding and peer-to-peer exchanges of public administrations may

work in some contexts, although it does not provide a solution to all problems. The granting of resources will continue to be fundamental to, for example, supporting the civil society of a country or financing experimental initiatives. In addition to making more effective use of certain tools, EU institutions also need to adapt to new times and new challenges. This implies the improvement of coordination, beyond the general directorates of the European Commission with an exclusively external mandate, and the assignment of a more relevant role to the EU delegations. Some of the most important strategies at the EU's disposal regarding cooperation with MICs and UMICs include (Di Ciommo & Sayós, 2018, p. 29):

(a) The blending of loans and donations.

The blending mechanism is based on combining loans and donations in the same operation (European Commission, 2015, p. 2). Since 2007, the EU has launched several operations³ combining EU and member state grants with loans from European, multi and bilateral financial institutions. The potential of the instrument lies in the fact that it allows leveraging a significant volume of resources to make investments in contexts and sectors without much appeal to the private sector.

The role of these operations is to offer a subsidy to improve the conditions offered by the funder. Its rationale is that the donation reduces the total cost of the project and the effective interest rate for the borrower. The subsidy can be addressed to technical assistance and studies, direct subsidies to investment, subsidies based on conditionality or performance, and subsidies to interest rates, guarantees, non-refundable financing, and risk capital.

(b) Technical assistance and knowledge exchange.

What is known as “twinning” was designed as a fast and efficient method to fill the administrative deficiencies of the countries of Central and Eastern Europe in view of their accession to the EU. It is a mechanism for the development of projects to strengthen institutions and the administrations established in the Accession Partnerships. At present, the twinning is used as an instrument of the EU's neighborhood policy.

The TAIEX is an EU technical assistance and information exchange instrument, which is responsible for providing the short-term technical assistance needed to achieve accession conditions, based on three main activities: workshops, expert missions, and study, what facilitates the exchanges at institutional level between the regions (Di Ciommo & Sayós, 2018, p. 29).

Twinning and TAIEX have also been used under the Association Instrument, for example, the expert missions in the EU-Mexico political dialogue “on security and justice” or “human rights” and in South Korea to improve understanding of regulations phytosanitary and EU security, which led to the elimination of trade barriers in some EU products.

In Asia, there are similar cooperation mechanisms within the EU-ASEAN dialogue. The READI (EU-ASEAN Regional Dialogue Instrument) is a political dialogue mechanism, which provides a platform for the exchange of experiences between officials and experts of those two regions, in a broad spectrum of policy areas. Another, more ambitious program followed E-READI (Enhanced Regional EU-ASEAN Dialogue Instrument) which started at the end of 2017.

There is extensive experience in EU cooperation mechanisms that have used similar approaches, both at the level of thematic programs, such as MIEUX or SOCIEUX (Di Ciommo & Sayós, 2018, p. 29), and in

³ These include the Infrastructure Trust Fund for Africa (ITF), the Neighborhood Investment Facility (NIF), the Western Balkan Investment Framework (WBIF), the Latin America Investment Facility (LAIF), the Investment Facility for Central Asia (IFCA), and the Asia Investment Facility (AIF).

regional programs in Latin America and the Caribbean, Africa, Asia, and the Pacific; through the use of TAIEX-like methodologies, which is a more sustainable, results-oriented approach.

MIUEX⁴ is an initiative of experts that applies a training approach between peers and assists partner countries and regional organizations to better manage migratory flows and mobility through the provision, upon request, of rapid and customized assistance. It is a mechanism that offers personalized technical assistance to partner countries, addressing their priority needs and challenges related to migration.

SOCIUEX⁺ is another of the technical assistance mechanisms that aim to extend and improve access to better employment opportunities and inclusive social protection in the EU's partner countries. Its specific objective is to develop the capacities of the institutions of the partner countries to design and manage better and more inclusive social protection, labor policy, and employment systems with a multiregional approach (SOCIEUX, 2014). It carries out short-term technical assistance actions carried out by experts from public administrations and delegated bodies of the EU member states⁵. It is based on the EU experience and promotes triangular cooperation actions in collaboration with professionals from outside Europe⁶. SOCIUEX⁺ is based on demand; the actions are adapted to the needs of the country, which ensures the commitment and appropriation of the action by the institutions. It is a simple, fast, and flexible mechanism.

The TAIEX mechanisms for exchange of information and technical assistance seek to strengthen institutional capacities and support the MICs to face the 2030 Agenda, the SDGs, and climate change. For this, it is very important that the EU accompanies them and shares their experiences, since this could help solve problems to partner countries beyond the neighborhood or the accession in their own contexts.

(c) Triangular cooperation as support for South-South cooperation.

In a world of increasingly global challenges, international and development cooperation has gone from being a policy focused on palliative measures to offering the opportunity to share values with partners on the basis of shared agendas. The 2030 Agenda and in particular SDG 17 on the “Global Partnership for Sustainable Development” is a reflection of a new reality that is especially relevant to the EU's relationship with partner countries and UMICs and MICs.

The new European Consensus (2017) established that the EU is committed to creating innovative cooperation mechanisms adapted to the partner countries in their different phases of development. Also, the need for an innovative commitment with the most advanced developing countries was noted. As part of this commitment, the consensus states that the EU and its member states will work with these countries to promote South-South cooperation and triangular cooperation, in accordance with the principles of development effectiveness. In this sense, the objective of the Triangular Cooperation is to mobilize additional resources to reach the SDGs and contribute to the reduction of poverty. It should be noted that one of the hallmarks of EU development cooperation in the last decade is the relative importance that has been given to MICs in the distribution of ODA. The 2030 Agenda and the SDGs recognize the global challenges that must be addressed through a regional and global approach. They are based on the notion of global partnership, joint entrepreneurship, and collective execution, regardless of the level of development of a particular country.

For this reason, when South-South Cooperation (SSC), led by the MICs and experienced an expansion in

⁴ Learn more about MIUEX online.

⁵ The duration of each individual activity is one to two weeks, each action completed, up to six activities.

⁶ This program will be implemented with the financial support of Europe Aid and will be managed by an association of public agencies of member states specialized in cooperation.

the last decade, the EU decided to actively support it. An important form of support has been through the EC's contribution to forging an international consensus on the importance of SSC and triangular cooperation, issues highlighted in the Busan Partnership as important elements of a more inclusive agenda of effectiveness. Support for South-South cooperation has become an increasingly relevant element of EC action (Di Ciommo, 2017).

This coincides with the growing interest of the European Commission to expand its collaboration with partner countries through triangular cooperation, which reinforces its own actions and supports the SSC. Triangular cooperation (TC) is a modality in which two or more countries (generally a traditional donor and a middle-income country) associate their human, technological and financial resources to the benefit of a third country. Finally, also contribute with your own resources.

The TC is becoming increasingly relevant to mobilize and increase cooperation capacities outside the traditional paths of development cooperation, attempting to reverse the classical north-south transfer and the roles of those involved, even to meet the objectives of Sustainable development. The TC seeks horizontality, promoting cooperation and South-South exchanges, filling gaps in knowledge and mobilizing better technical and policy levels. TC can also be a vehicle for resources from emerging donors to take advantage of shared development agendas.

The European Commission also supports SSC and complements its triangular initiatives through its contribution to strengthening the capacities of agencies and other entities responsible for the policy and management of SSC in partner countries.

Final Considerations

These pages have addressed the new cooperation of the EU with the countries of middle and upper-middle-income, from the transformation that has suffered the policy of cooperation of the EU in the last decade with the graduation of these countries and the introduction of the differentiating approach proposed in its "Agenda for Change" (2011); which has led to the interruption of bilateral aid to the graduated countries as of 2014, although they can receive regional and thematic aid from the EU.

The shift in the cooperation for development paradigm entails that the relations among most advanced developing countries and the EU move away from the traditional top-down, north-south dynamic and become less asymmetrical. In this new scenario, the MICs and UPMICs are no longer just passive aid recipients, but strategic partners in their own development strategies and in the EU's efforts to address global issues.

This approach includes some key advantages: cooperation dynamics lose verticality and become more multilateral, horizontal, and segmented; as partners, MICs and UPMICs must acquire greater responsibility in adapting their institutions and practices to reap the benefits of international cooperation; new forms of cooperation are introduced, while previous practices develop a new focus; and triangular cooperation and South-South cooperation are boosted.

However, there are some things that should be acknowledged. Despite a high economic performance, most advanced developing countries still battle with profound structural challenges, like corruption, inequality, and lack of transparency. Cooperation strategies may be jeopardized or could prove ineffective if a greater role is to be assigned to these countries without addressing structural issues.

As it has been discussed in these pages, the European Union must accompany the middle and upper-income countries to reach the 2030 Agenda. In this light, there should be better and closer cooperation

between the EU and the middle and upper-middle-income countries as allies facing global challenges, which requires a change in the ways of working of the EU, far beyond the design of its external financing instruments.

The EU needs to find new forms of cooperation with middle and upper-middle-income countries, based on joint programming and the creation of common agendas at a global and regional level, and in addition to the cultural diversity and richness they generate, to establish closer political relations between countries and with specific institutions. The EU must adapt to the new needs of the partner countries and leave traditional vertical cooperation behind. This means adopting a new paradigm on international cooperation for development with countries in transition, as horizontal cooperation would be more in line with the new and old development challenges that the middle and upper-middle-income countries are currently facing.

The new European Consensus on Development tries to adapt the development policy of the EU to the new emerging world order, in which the EU considers these middle and upper-middle-income countries as key actors for the achievement of the objectives of the 2030 Agenda and strategic partners in the EU's objective of reducing and, ultimately, eradicating, poverty. From now on, the negotiated normative guidance could be combined with operational flexibility by adapting the action to the specific objectives of the EU and to the requirements of the partner countries. The collaboration with different actors both inside and outside the EU, the private sector, local authorities, and civil society would also bring specific advantages. However, it is necessary to continue using the toolbox that the EU already has to apply them to each country in order to set out to make development aid effective.

To conclude, it should be noted that the EU must develop the partnership with its strategic partners, since the EU alone cannot comply with the 2030 Agenda without the collaboration between its member states and other public-private actors. In addition, the EU must adopt new instruments of development cooperation different from the traditional ones: subsidies, concessional loans, or special trade measures, such as development aid. The alternative measures are the strengthening of capacity, the transfer of technology, and the exchange of knowledge, regional sector policy dialogues, among others.

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