

Good governance: a core priority in the new EU programming process

2006 is likely to be a hectic year for the ACP-EU partnership. Apart from running the ongoing programmes, the parties also need to agree on future cooperation priorities. This is referred to in EU jargon as the 'programming process', and is supposed to be carried out for each ACP country and region. The aim is to agree on the best way of spending the new, 10th European Development Fund during the next five years.

Development Commissioner Michel is presently touring the various regions to launch the programming process. Good governance is one of the leading issues that the European Commission (EC) has forcefully placed on the negotiating table. More so than in past, the EC intends to assess just how serious ACP governments are about implementing nationally agreed governance agendas. Accordingly, more money is likely to be available to support governance reforms. Countries that are reluctant to address governance challenges may expect a rough ride and a reduction of their financial envelope.

This move should not come as a surprise. Over the past few years, the international donor community (including the EU) has come to accept the crucial importance of governance for achieving key development objectives such as poverty reduction, economic growth, peace and security, and democratisation. Governance is also at the core of the new aid delivery modalities. The availability of



Delegates Burkina Faso
Photo: ECDPM

budget support depends critically upon the existence of a set of governance conditions in the partner country in question.

Solid policy framework

Initially, the EU defined governance in a rather narrow, technocratic way, regarding it primarily as referring to the efficient and transparent management of resources by public institutions. Over time, however, governance has evolved into a holistic, overarching concept, embracing broader state-civil society relations, democratisation and human rights. In a few years' time, it has moved to the top of the agenda, and is now underpinned by an increasingly solid policy framework. The European Development Policy Statement (2000) identifies institutional support for governance as one of the six priority areas where the EU has a comparative advantage. The 2003 Communication on Governance and Development recognises that governance processes touch upon the 'rules of the game' for exercising power; organising the social contract

between state and its citizens; and ensuring a transparent and equitable management of a country's resources. The EU now views governance as a key principle of development cooperation, a priority sector in its own right as well as an issue to be mainstreamed across regions, countries and sectors.

Major implementation challenges

As the EU gets to grips with governance, it faces a number of major implementation challenges. First, who sets the governance agenda? Governance is no longer the monopoly of central governments. It has become the concern of a variety of local actors (e.g. civil society, human rights organisations and private-sector firms) all of whom seek to influence the government's agenda and extract greater accountability from the government. The EU will have to invest in multi-actor dialogue in order to agree on governance priorities that are accepted by all stakeholders. Second, how can the EU equip itself to deliver effective governance support? The first generation of governance programmes demonstrated

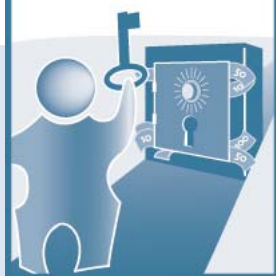
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ACP-EC cooperation in practice

Facts and stories

Hard facts and stories on four aspects of ACP-EC cooperation: money, politics, policies and the EU.

Where does ACP-EC money go?



A mid-term review of the African Peace Facility was carried out at the end of last year. The conclusion was that, whilst the Facility is relevant to policy-making, it could be made more effective by improving cooperation

between the AU and the EU. The key question for the future is whether it will be development-oriented or will simply be used as a tool for EU foreign and security policy. This issue will be resolved by EU Member States in the next three or four months. The agreed funding basis will have a considerable bearing on the outcome. It is likely that the Facility will continue to be funded from the EDF, which means that it will probably be used as a development-oriented tool. At the same time, many donors (such as Sweden, Denmark and Germany) want to use it as a foreign policy tool. The debate is wide open. The security community and the EU do not have much money available for the latter purpose, so the Facility is likely to continue to be used as a development tool for building capacity to deal with conflicts.

What policy debates are taking place?

The European Commission has approved seven new thematic programmes as part of the reform of its external actions. The aim is to simplify the delivery of foreign assistance and achieve more and better results with the available resources. The seven new thematic programmes regroup the 15 current thematic programmes. Together with the EU's country and regional programmes, the new thematic programmes will form the backbone of the Commission's external cooperation activities from 2007 onwards. Thematic programmes are intended to achieve policy objectives that are not geographically limited and where the goal cannot be fully achieved through country and regional programmes. The rationalisation process brings some important innovations with it. Thus, the traditional budget line for NGO co-financing, formerly reserved for European NGOs, has now been transformed into a thematic programme for 'Non-State Actors and Local Authorities' that will be open to organisations from Europe and the South. The specific focus and financial allocations for the new thematic programmes await final agreement and will undoubtedly be hotly debated.

Where is Europe going?

On 16 December 2005, the European Council reached an agreement on the European budget (or 'Financial Perspectives') for 2007-2013. Total spending will not go beyond 1.045 % of the Union's gross income (i.e. EUR 862.4 billion). This conservative budget inevitably implies scaling down certain ambitions, for example in the area of external relations. Cooperation with ACP countries is funded outside the regular EU budget through contributions from Member States. The bargaining process is still ongoing for fixing the total amount for 2007-2013, but here too, the mood is not in favour of big spending. The process of agreeing on the Financial Perspectives was a frustrating exercise for many European actors. It reconfirmed that European integration lacks vision, political backing and dynamism. It also augurs badly for the many promises Europe has made to substantially increase aid in the coming years.



What's new in the political arena?

Article 96 of the Cotonou Partnership Agreement continues to shape ACP-EU relations. The EU Council approved a letter

(http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/intm/87210.pdf) inviting the Mauritanian government to open formal consultations with the EU, following the change of regime in Mauritania. The EU will invite the Mauritanian authorities to initiate consultations in order to assess the new government's transitional programme and with a view to deciding on the continuation of cooperation activities under the Cotonou Partnership Agreement (Article 96). The EU condemned the coup d'état in Mauritania on 3 August 2005.

More information on Article 96, see: www.ecdpm.org/article96

EU development policy is moving... but will implementation follow?

Over the past few years, the EU's policy on external action has moved forward at a spectacular pace. More than 40 political and policy commitments have been tabled, negotiated and agreed on by the European Commission, the European Parliament and the EU Council. In 2005, the EU revised the Cotonou Partnership Agreement, defined a new Development Policy Statement (commonly called the 'European Consensus on Development') and published for the first time an overall EU Strategy for Africa.

All this has raised expectations among developing countries and European actors that the EU will assume its role and responsibilities as 'global player'. However, there is also plenty of scepticism around, particularly about the EU's commitment to mobilise the necessary funding and improve its management capacity.

Financial promises

Though most European countries signed up to the 1970 UN target of ODA representing 0.70% of GNP, never before has the EU given such clear and ambitious financial commitments as in 2005. At different gatherings, including the June EU summit, the July G8 summit, the September UN World Summit and the WTO Ministerial meeting in Hong Kong, the EC and EU Member States made the following promises:

- The EU will reach the UN target of 0.70% of EU GNI by 2015; this will increase the EU's contribution to the Millennium Development Goals from EUR 33 billion in 2003 to more than EUR 84 billion by 2015.
- The EU will increase its external assistance to Africa by USD 25 billion a year - a doubling - and raise its external assistance to the developing world as a whole by USD 50 billion (G8 Summit, July 2005).
- The EU will maintain the current level of assistance to the group of African, Caribbean and Pacific countries provided through the European Development Fund; this will mean EUR 24 billion for

the next financial package covering 2008-2013 (G8 Summit, July 2005).

- At the G8 summit, EU President Barroso pledged to provide EUR 1 billion a year to support the trading capacity of developing countries.

Time will show how realistic these pledges and figures are. The political compromises reached on the EU's Financial Perspectives (2007-2013) and on the 10th European Development Fund (EDF) were a sobering first test. In absolute terms, the budgetary deal means that EC-managed aid will double from EUR 6.5 billion to approximately EUR 13 billion in 2013. However, in relative terms, the figure allocated to the EC only maintains the current level of funding. The ACP group is likely to fare no better. According to the budgetary deal brokered in December 2005, the ACP countries will receive a financial package which is higher in absolute terms than the last financial package (i.e. the 9th EDF). In real terms, however, the amount is lower than the current level.

Further reform needed

A good policy framework and funding are not enough to make an impact. There is also a need to ensure effective delivery of cooperation programmes in a wide range of regions and countries. The EC has reformed its institutional framework and management systems over the past five years. While progress has been achieved, most people working with EC external assistance would agree that more profound changes are needed. The reform process so far has focused primarily on administrative and financial rules and too little on the quality of aid delivery. Some would even argue that the EU member states and the European Parliament are partially responsible for this. Yet the EC can do much itself to ensure that it fully exploits the potential of the system it has been given. The challenge is to transform the EC's corporate culture so that it promotes high-quality, effective implementation. Are the Commissioners and the higher management ready and willing to show the necessary leadership?

'Alternative (to) EPAs' by Sanoussi Bilal and Francesco Rampa, February 2006



The coming year will be crucial for the negotiations on Economic Partnership Agreements (EPAs) between ACP and EU countries, as in 2006 the first draft texts of the EPAs will be produced, and a comprehensive review will be carried out.

The report 'Alternative (to) EPAs' - commissioned by Oxfam International and Both ENDS - is meant to provide an overview and assessment of possible alternatives to EPAs in order to clarify the choice of alternative options that ACP countries have, to inform the policy debate and help increase the understanding of the different participants in the negotiations. It shows the wide range of options available, both within and outside the definition of an 'economic partnership agreement', in order to increase the flexibility that ACP countries will have in their negotiating strategies. The report also helps to show the diversity among ACP countries, which may translate into different choices in the negotiations, because 'one size' may not 'fit all'.

This report is available at www.ecdpm.org/pmr11

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the limits of what can be achieved by injecting aid into complex, long-term political and institutional reform processes. Major capacity-building efforts will be needed for the EU to become an effective change agent in this complex field. Third, how can good governance be promoted among donors? It is increasingly acknowledged that governance is not only an issue 'over there, in third countries'. There is growing pressure for donors

such as the EC/EU to practice the principles of good governance in their dealings with partner countries. Key performance criteria include effective alignment and harmonisation, policy coherence and bureaucratic efficiency.

So is this trend to be applauded? The increasing EU emphasis on good governance is clearly a response to a growing societal

demand for better governance in many ACP countries. It may prove to be a valuable opportunity for ACP-EU cooperation if the dialogue on governance can be turned into an instrument for renewing the partnership model, based on country ownership and mutual accountability rather than yet another set of donor-imposed conditionalities.

EVENTS

The European Commission has adopted a communication entitled 'a strategy on the external dimension of the area of freedom, security and justice', outlining the main external challenges facing the Union in the fields of freedom, security and justice. <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/1255&format=HTML&aged=0&language=EN&guiLanguage=en>

The Presidents of the European Commission, the European Parliament and the EU Council signed the first joint Development Policy Statement (DPS) on 20 December. This 'European consensus' provides the Union with a common set of values, objectives, principles and means for development, for the first time in 50 years of development cooperation.

On 9-10 February, a two-day course revolving around the ACP-EU cooperation agreement was organised for parliamentarians in Burundi, funded by the Belgian agency for development cooperation. For more information please contact Gwénaëlle Corre, gc@ecdpm.org

The 1st meeting of ACP Ministers in charge of Asylum, Migration and Mobility will be held at ACP House, Brussels, on 13 April 2006 to discuss the link between migration and the sustainable development of ACP countries.

The Ministers will adopt a declaration on migrants and mobility and a plan of action for its implementation.

READINGS

The ACP Local Government Platform e-Newsletter is an electronic newsletter produced every three months by the ACP Local Government Platform (ACPLGP). www.acplgp.net/news/platform_newsletters

Corruption Perceptions Index 2005
Research by the anti-corruption watchdog Transparency International suggests that corruption is on the rise in some rich countries as well as poorer ones. www.transparency.org/cpi/2005/cpi2005_infocus.html

'The Effectiveness of World Bank Support for Community-Based and -Driven Development', produced by the Bank's Operations Evaluation Department, assesses the effectiveness of the Bank's support for development approaches involving community participation. www.worldbank.org/oed/cbdcd

Study on Capacity, Change and Performance
For or a full overview of the ECDPM case studies, thematic papers, interim report

and policy dialogue on capacity, please visit the study outreach page at: www.ecdpm.org/dcc/capacitystudy

Latest publication:
The growth of Capacity in IUCN in Asia. Rademacher, A. 2005. (ECDPM Discussion Paper, 57M). www.ecdpm.org/dp57m

Non-state actors in Benin: Dialogue on cooperation is getting organised
This InBrief is Fifth in the series that aims to facilitate and exchange the information on the role played by non-state actors (NSAs) in implementing the Cotonou Partnership Agreement. The aim is to cite examples of innovative practices and to demonstrate the challenges facing NSAs as development partners in different countries. Countries featured so far in the series: Guinea, Chad, Senegal and Madagascar. www.ecdpm.org/inbrief3e

For further information, please visit the Non-State Actors and Participation webpage: www.ecdpm.org/nsabriefs

Comments, suggestions and requests should be addressed to Jean Bossuyt, European Centre for Development Policy Management (ECDPM). E-mail: InfoCotonou@ecdpm.org

'InfoCotonou' highlights key debates, activities and events related to the implementation of the Cotonou Partnership Agreement, an agreement between the African, Caribbean and Pacific (ACP) countries on the one hand, and the European Union (EU) on the other. ACP-EC actors are encouraged to share their opinions, reports and other resources on ACP-EC cooperation. The ECDPM is a non-partisan organisation that seeks to facilitate international cooperation between the ACP and the EC. Information may be reproduced as long as the source is quoted.

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