



# Cotonou Infokit

## Obtaining Resources

*Under the Cotonou Partnership Agreement, each ACP country and region receives an indication from the Community of the volume of resources from which it may benefit over a five-year period. These resources will finance activities included in the National or Regional Indicative Programmes (NIPs and RIPs). In the past, it was difficult for non-state actors to access these funds. At best, they could participate in the implementation of government programmes or obtain small amounts of money for decentralised cooperation activities or micro-projects. This fiche explains the new opportunities for non-state actors to access NIP and RIP funds.*

The ACP and EU have both committed themselves to the principle of participatory development. This implies improved access to NIP and RIP funds for non-state actors. Compared to previous Lomé Conventions, the new Agreement provides, at least on paper, new opportunities to share resources with non-state actors. Article 4 clearly stipulates that non-state actors will be provided with financial resources. Article 81 promises that management procedures shall be 'transparent, easy to apply and shall enable the decentralisation of tasks and responsibilities to the field'. It states that the 'implementation of ACP-EU development cooperation shall be open to non-state actors in areas that are of concern to them'. The annexes to the Agreement also contain provisions that open up NIP and RIP funds to non-state actors.

Yet there is still much scepticism about the practical value of these provisions. Non-state actors that are familiar with ACP-EU cooperation see several dangers. First, they wonder how ACP countries ruled by authoritarian or undemocratic regimes will be induced to share 'their' funds with, often critical, non-state actors. Second, they regret that the new agreement has not removed the obligation to get the

approval of the National Authorising Officer (NAO) for each proposal introduced by non-state actors. In their view, this may put non-state actors in many ACP countries at the mercy of the goodwill of their authorities. It may promote co-optation by friendly non-state actors rather than genuine participation. Third, the bureaucratic procedures of ACP-EU cooperation are known to be slow, cumbersome and not always transparent. This may act as a disincentive for non-state actors to invest in accessing NIP/RIP funds.

While some of these fears are legitimate, there are many positive elements to take into account. For instance, in the guidelines for the programming process (i.e. the process to plan the resources that are allocated to each ACP country), it is clearly stated that non-state actors will be able to access NIP/RIP funds for different purposes and through different channels. The guidelines also state that the 'resources set aside for non-state actors will be one of the points for assessment during the annual operational reviews and the midterm and end of term reviews.' This could mean financial sanctions for ACP states that fail to allocate a fair share of the resources to non-state actors.

### The Basic Rules

Some basic principles regulating the access of NIP and RIP funds by non-state actors are:

*A single envelope.* The Cotonou Agreement has seriously cut the number of aid instruments available under the Lomé Convention. There is now a single long-term development envelope that has to be programmed in an integrated and

10  
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coherent manner. The resources available to non-state actors form part of the allocation granted to each ACP state or region.

*No ceiling.* There is, in principle, no ceiling to the NIP or RIP resources that can be accessed, directly or indirectly, by non-state actors. The final amount depends on the outcome of the programming process. If in a given country, the decision is taken to concentrate EU aid on sectors where non-state actors have a major role to play or to give priority to decentralised cooperation activities, the share could be relatively high. In some countries, the programming exercise may end up giving priority to sectors of limited concern to non-state actors, thus reducing the share received. In some countries, non-state actors may lack the capacities to absorb large amounts of funds.

*Negotiating the share of non-state actors.* Under the Lomé Convention, ACP governments were free to decide whether or not resources were put aside in a 'special envelope' for micro-projects or for decentralised cooperation. Where this happened, non-state actors had access to a small amount of NIP resources (usually under strict government control) but were unable to gain access to the other NIP funds - which were much larger. The Cotonou Agreement breaks with this tradition. The share allocated to non-state actors will emerge during the programming dialogue, in which non-state actors will participate. The intention is not to end up with a special envelope for non-state actors but to foster new forms of public-private partnership in which all actors divide tasks and resources according to their comparative advantages.

*NAO agreement.* The new Cotonou Agreement has been concluded between ACP states and the European Community and its members. This means that ACP governments can, as sovereign entities, decide on development models and strategies, as well as on the use of EU aid. For non-state actors, participating in Cotonou and accessing its resources, means accepting a partnership with their governments. Thus, in principle, the National Authorising Officer (NAO) continues to approve all projects proposed for funding under a NIP or RIP, including those introduced by non-state actors.

## Funding Options

There are three possible options for non-state actors to access financial resources:

### *Direct Access to EDF resources*

As we have seen, the Cotonou Agreement recognises the need for non-state actors to be properly informed about ACP-EU cooperation and about the new opportunities to

participate in policy formulation and implementation. The Agreement also accepts that non-state actors cannot become credible interlocutors and partners overnight. They need support to dialogue and network among themselves, to prepare their own strategies and programme proposals and to strengthen their overall capacity to link up with governments and the EU.

For this comprehensive capacity building agenda, non-state actors will have direct access to funds via the EC delegations. This is explicitly foreseen in the programming guidelines, which also mention that the National Authorising Officer only has to agree the global amount of resources allocated to this type of capacity support (not each single proposal) and on the eligibility criteria of the non-state actors.

This is an important opportunity for non-state actors. It means, for instance, that they can introduce proposals to organise themselves to take part in the programming dialogue or in the definition of sectoral strategies. It means they can request funds for sensitisation and awareness seminars, for networking, for organisational development, or to improve their demand-making capacity.

The programming guidelines indicate that up to 15% of the initial indicative resource allocation to an ACP country could be directly allocated to non-state actors in this way.

### *Implementing the NIP*

The second window of opportunity for non-state actors also relates to EDF resources and can be found in the programmes included in the National Indicative Programme. Clearly, the level of resources that non-state actors may access will depend on the nature of these programmes as well as the division of roles agreed upon between the state and the non-state actors concerned. In practice, this option opens three channels to access resources:

*Public-private partnerships.* This is the case when government and non-state actors decide to join forces in designing and implementing a programme under the NIP. Through dialogue, they set priorities, agree goals, define an implementation strategy, and agree the most appropriate actor(s) to execute the activities. In such cases, funds for implementation could be entrusted to non-state actors. They will be able to manage NIP funds in a decentralised manner (under the supervision of the government and the EU).

*Decentralised cooperation.* Article 71 of the Agreement makes it possible to support decentralised cooperation programmes that emanate from non-state actors. Here, proposals come directly from non-state actors. It is important to note that the proposals do not need to fit into the sectoral priorities of the NIP, they can also venture into

areas that are a priority for decentralised agents. Note that the European Commission has recently reviewed its policy on decentralised cooperation (see box).

### Three Forms of Decentralised Cooperation

The EC has recently refined its policy framework on decentralised cooperation. This approach can be used under the Cotonou Agreement to fund programmes that aim to support:

- the decentralisation process in a country (to foster the emergence of legitimate and efficient systems of local governance);
- local development initiatives and processes (to ensure greater consistency and complementarity of development actions in a location);
- political and social dialogue (to facilitate the participation of non-state actors in political dialogue and policy formulation).

*Micro-projects.* These build on a tradition that goes back to the first Lomé Convention (1975-80). These can still be included in the NIP if this is the desire of the different parties involved in the programming dialogue.

#### *The EC budget*

In addition to EDF funds from the Cotonou Agreement (through the NIP), the EU also provides resources through a number of special budget lines managed by the Commission in Brussels (without interference from ACP governments) and financed by the overall EU budget (approved and monitored by the European Parliament).

The best known example to non-state actors is the NGO co-financing budget line, through which European NGOs can support the activities of their southern partners. Over time however, the number of budget lines has grown dramatically and now covers a wide range of issues (such as human rights, democracy, decentralised cooperation, environment, fight against AIDS, etc.).

Three main points need to be noted. First, these budget lines offer, in principle, a fairly flexible form of funding for activities proposed by non-state actors. Some are reserved for European non-state actors (e.g. the NGO co-financing line),

others are open to southern non-state actors as well (e.g. decentralised cooperation). In ACP countries where the relationship between state and non-state actors is difficult, access to NIP funding may be very difficult. The EU budget lines provide an alternative source of funding, beyond government control.

Second, an important budget line for ACP non-state actors and local governments is decentralised cooperation. This facility aims to provide 'strategic funding' to non-state actors in order to help them becoming credible and capable actors. Its main purpose is to build capacity of non-state actors by supporting information exchange, dialogue processes, networking, organisational strengthening, etc. This type of 'software' support in capacity building is precisely what ACP non-state actors need to become active partners in the Cotonou Agreement. Unfortunately, it appears that the funds available for 2001 will remain rather limited.

Third, the EU is currently reviewing and harmonising the system of budget lines. A major trend is to search for greater coherence between these budget lines and other EU aid (such as the NIPs). This is not merely a technical issue. As the EC concentrates its aid to a given country on a very limited number of sectors, it will increasingly invite non-state actors to participate in these sectoral programmes rather than to support a wide range of isolated project activities. In short, there will be fewer EC budget lines and they will become more closely linked to the NIPs. Non-state actors are well advised to prepare themselves for this evolution, so as to ensure that their concerns are taken into account.

### A Role for Local Government

As mentioned before, local governments are also considered as a distinct partner in the Cotonou Agreement. Therefore, they can also access NIP resources:

where support to the decentralisation process is a focal sector, included in the Country Support Strategy;

as an implementing agency for a sectoral programme (e.g. health);

in the framework of decentralised cooperation programmes.

