

Supporting effective regional integration? What the 11th EDF programming tells us¹

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Key messages

Regional integration is one of the cornerstones of EU's development and international cooperation policy. The EU is possibly the most prominent donor in this area. However, EU's past approaches to supporting regional integration have encountered several constraints and management problems resulting in disappointing performance.

Learning from the past was one of the key drivers behind EU's new approach to supporting regional cooperation in the 11th European Development Fund. Although some of the innovations introduced can be seen as a potential "paradigm shift", they may not necessarily result in more and better regional integration, particularly if EU programming is not underpinned by more sophisticated political understanding of the different regions, countries and sectors in which the EU intervenes.

EU support for regional cooperation and integration is likely to remain an important building block in EU's future foreign, development and security policies. If the EU wants to effectively support regional integration, it will need to adapt its ambitions to what is feasible, taking into account the structural factors and political dynamics driving and hindering regional integration. This should extend beyond the simple twin explanations of "lack of political will" and capacity constraints. The EU will also need to nurture a qualitative human resources management policy that goes beyond effective programme management for rapid disbursement.

Introduction

Supporting regional integration is seen as a key element in EU's strategy to improve prospects for economic growth, trade and investment, to foster peace and stability, and natural resources management. Regional integration and cooperation have featured at the centre of the Africa, Caribbean, and Pacific-European Union partnership since the First Lomé Convention, signed in 1976. The revised version of the Cotonou Partnership Agreement (2010) reflects the growing importance of regional integration in ACP countries and in ACP-EU cooperation. It also emphasises the continental dimension of regional integration in Africa, and recognises the African Union as a partner in EU-ACP cooperation. ACP countries have a long history of commitments and efforts at regional integration, and although progress has been achieved in all ACP regions, aspirations have not translated into effective implementation.

The EU is currently implementing its 11th European Development Fund (EDF) (for 2014-2020), with a budget of €30,5 billion for aid to ACP countries and Overseas Countries and Territories (OCTs), and covering both national and regional programmes. This represents 32% of the EU's total external relations

¹ This Briefing Note presents the key findings of a larger study, soon to be published in the form of a Discussion Paper, authored by Alisa Herrero and Cecilia Gregersen and which covers the issues in significantly more detail.

budget (encompassing both the EU budget and the EDF). Regional programmes are the EU's main instruments to support regional economic integration. The budget dedicated to regional cooperation in ACP countries has risen over subsequent EDFs, growing from €782 million under the 8th EDF (1996-2001), €904 million under the 9th EDF (2002-2007), €1 783 million under the 10th EDF (2008-2013), and €3 344 million under the 11th EDF (2014-2020).

The 11th EDF counts 5 Regional Indicative Programmes (RIPs), across the ACP regions as outlined in Table 1 below. The RIPs for the Caribbean, the Pacific, Central Africa and Eastern Africa, Southern Africa and the Indian Ocean (ESA-IO) were signed in June 2015. The RIP for the West African region was signed in July 2015.

Table 1 Overview of 11th EDF regional allocations across Africa, the Caribbean and the Pacific

11th EDF regional programmes		Total per regional indicative programme (€ millions)	
Africa	Central Africa	350	2 832
	Eastern and Southern Africa and Indian Ocean (ESA-IO)	1 332	
	West Africa	1 150	
Caribbean			346
Pacific			166
Total			3 344

Source: 11th EDF regional indicative programmes.

About this analysis

Analysis follows on from and complements ECDPM's analysis of the 11th European Development Fund (EDF) national programming experience published in September 2015.² By reviewing the EU's regional programming process, **this study sets out to reveal how the EU and its ACP partners approached the challenges of supporting regional integration.**

The aims of this analysis are to:

1. understand the key drivers behind the EU's new approach to and support for regional cooperation, as devised for the 11th EDF;
2. provide a critical insight into the main innovations and the prospects for delivering better results in regional integration;
3. shed light on the EU-ACP partnership throughout the process, with a particular focus on how aid and development effectiveness principles were translated into practice;
4. explore how EU interinstitutional relations played out in the 11th EDF regional programming process;
5. reflect on what the findings mean for the EU, at a time when it is defining a global strategy for its common foreign and security policy (CFSP), and redefining the role played by EU development policy in this respect.

² Herrero et al, 2015.

To this end, we:

1. mapped programming allocations and priorities under the 11th EDF regional programming documents;
2. analysed key EU policy documents and programming orientations;
3. gathered different actor perspectives by interviewing informed stakeholders at EU headquarters (i.e. the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) and the European External Action Service (EEAS)) and EU delegations, as well as national authorising officers, duly mandated regional organisations (DMROs) and EU member states;
4. incorporated insights from recent evidence-based research on the political economy of regional integration and implications for donor support.

By no means should this study be regarded as an evaluation of the 11th EDF regional programming process. It is the authors' intention that this analysis should feed constructively into reflections on the future of EU support for regional integration in a post-Cotonou era. It is important to bear in mind that the **real drivers of regional integration are regional and national actors, not any external actor**, so our findings and pointers for the future are intended to help the EU play a more effective role, while fully accepting that this will be of a limited nature.

Our main findings and pointers for the future

The EU has taken its past failures seriously

The 11th EDF regional programming process was heavily influenced by several critical appraisals of the EU's approach to supporting regional integration. Several reports³ identified constraints outside the direct control of the European Commission, such as delays in negotiating Economic Partnership Agreements (EPAs), a lack of managerial capacity among regional organisations (ROs), overlapping memberships, and a lack of progress in implementing regional agendas at a national level. The reports also pointed to various management problems at the EC (such as a lack of a strategic vision, a lack of appropriate governance structures for managing regional cooperation, weak coordination of national and regional programming, and weak monitoring systems).

Under increasing pressure to deliver better results and show value for money, the EU worked to ensure that the key recommendations made in these reports were effectively adopted. **The EU's approach to regional cooperation in the 11th EDF was overhauled in the programming orientations.** Several key innovations were introduced, demonstrating the European Commission's (EC) determination to implement the main recommendations made by the European Court of Auditors, the EU Platform for Blending in External Cooperation, and in the 10th EDF mid-term review (MTR) and EC evaluations of regional programmes. These included:

- sharpening the focus on the key priorities identified in the Cotonou Partnership Agreement (i.e. peace and security, economic regional integration and global challenges) and the EU Agenda for Change (i.e. blending);
- diversifying the range of implementing actors, thereby enabling national authorities and regional organisations other than the Duly Mandated Regional Organisations (DMROs) to directly access EDF regional funds;
- increasing the envelopes dedicated to regional blending facilities;
- establishing an umbrella Regional Indicative Programme (RIP) for the Southern Africa, Eastern Africa and Indian Ocean regions (EA-SA-IO);
- setting up regional steering committees to create space for multi-stakeholder policy dialogue, clarify the division of roles between all actors, and give DMROs a central role in overseeing EU support for regional integration;
- incorporating targeted capacity development support for DMROs;
- strengthening the capacity of EU delegations to deal with regional integration.

³ See notably: European Court of Auditors, 2009; European Commission, 2011, and Mamaty 2012.

EU's emphasis on 'learning from the past' led to potentially positive innovations

Introducing the principle of direct access could bring about a 'paradigm shift' in regional cooperation and external support for regional integration. It would mean moving away from a top-down approach geared to supporting regional organisations and expecting results to trickle down, towards a bottom-up approach in which regional integration is galvanised by national strategies and programmes⁴. Although this may lead to the partial renationalisation of regional aid envelopes and to the dilution of the coordinating role played by the Regional Economic Communities (RECs) vis-à-vis the EU, it explicitly recognises that regional cooperation processes can be initiated and driven by actors other than regional organisations.

Direct access also acknowledges the serious risks posed by the RECs' heavy dependence on donor funding. The diversification of implementing partners releases DMROs from time- and capacity-consuming tasks, allowing them to focus on their political role and their core mandates of coordination, guidance and supervision. The use of direct management, together with a significant amount of funds channelled through blending facilities, could also improve disbursement rates.

The creation of regional steering committees made up of relevant stakeholders could potentially improve the efficiency of EDF programming, formulation and delivery. Finally, the EU has taken steps to improve the EU delegations' capacity to deal with regional cooperation, notably by clarifying the roles and responsibilities of national and regional delegations and improving coordination between them.

The 11th EDF regional programming is in line with the fundamentals of the Cotonou Partnership Agreement and the EU's development policy embodied in the Agenda for Change

Regional economic integration receives 59% of the regional aid envelope, 70% of which goes to blending (of grants and loans). Other objectives pursued under this heading include strengthening regional trade and business-enabling environments, Economic Partnership Agreements (EPA) implementation and capacity-building, and boosting private-sector participation.

Climate change, resilience, environment, food security and natural resource management receive 20% of regional funds. This is in line with the EU's overall commitment of spending at least 20% of its budget on climate-related activities.

Governance and peace and security are allocated 15% of the regional funds. This should be seen in the broader context of complementarity between instruments and funding streams, as a result of which the African Peace Facility receives 25% of the intra-ACP envelope. The remaining funds go to technical cooperation facilities and non-focal areas

The 11th EDF regional programming process was heavily dominated by the EU

The EU and its member states prepared the approach to regional integration in the 11th EDF unilaterally, with **very little involvement on the part of DMROs**, let alone other ACP actors. In particular, the principle of direct access generated great unrest among DMROs, who perceived it as a threat to their leadership. The EU tried to create a positive narrative, notably by stressing the central role that DMROs would play in the new regional steering committees overseeing EU regional cooperation and focusing on their core mandates. The EU insisted that there should be just one single RIP for the entire EA-SA-IO region, despite objections from Eastern African and Indian Ocean representatives.

Just as the regional programming came to an end, EU leaders decided unilaterally to create an EU Emergency Trust Fund for Africa, with a strong focus on migration. This new fund drew massively from

⁴ Soderbaum, 2016.

EDF resources, including RIPs. DMROs had little room for manoeuvre to resist this. As a result, they have now lost control of programming, management and spending of those RIP funds that have been pooled with the new Emergency Trust Fund.

DG DEVCO had the upper hand

Interaction between the EEAS and DG DEVCO in the 11th EDF regional programming process was generally smooth, although the two institutions disagreed as to how to approach sector concentration and programming priorities. The **EEAS was in favour of taking a more comprehensive approach**, with a sharper focus on political sectors, in line with the EU's regional strategies and the Common Security and Defence Policy (CSDP), whereas **DG DEVCO pushed for more emphasis on blending**, and on preventing any sector overlap between national and regional programming. DG DEVCO prevailed, in part due to the EEAS's weaker capacity for dealing with regional cooperation and the fact that it did not enjoy as much high-level political support to enforce its views as DG DEVCO did.

A relatively limited role for EU member states

Although the EU member states were involved in drafting the programming orientations, their engagement at field level was fairly limited compared to the national programming process. Member state participation and consultation took different forms, including regular exchanges on the ground, and the organisation of regional programming seminars and technical workshops at EU delegations and at HQ in Brussels. This relatively limited role is due in part to the **absence of a formal process for EU member state participation** (such as that already existing for national programming, accompanied by joint programming efforts), and in part to the **lack of (or limited) capacity for and expertise in regional cooperation and regional integration in most EU member states**. That said, we did find evidence that Member States engage more often through the EDF Committee, and regularly ask the EC to provide more information on progress in EU regional cooperation.

The 11th EDF innovations may not necessarily result in more and better regional integration

The new approach to regional cooperation under the 11th EDF would appear to offer generic solutions to generic problems, rather than being a tailored approach in response to the different national, regional and sectoral political economy dynamics that influence regional integration. The **absence of a clear theory of change and a mechanism for benchmarking regional integration would seem to be major weaknesses**, with clear implications for the ability to measure and capture results. As a further point, five-year cooperation cycles are likely to be too short for producing results in regional integration.

Direct access may not deliver results in terms of the domestication of regional integration agendas, unless it is underpinned by a solid political economy analysis of the national incentives for pursuing regional cooperation, and unless the regional dimension of regional challenges is acknowledged and addressed.

Steering committees, which focus largely on formal institutions and aid-management issues, **are unlikely to generate the high-level political action that is required to push the regional integration agenda forward** and are probably not the right tool for enabling the EU to identify opportunities for supporting more flexible, informal, regional arrangements with a strong potential to drive regional integration processes forward.

Blending may be a far more risky and complex enterprise, requiring the EU to take serious account of the drivers of and barriers to transnational infrastructure development, particularly during the project planning stage. The new EDF blending framework may not necessarily broaden the scope for increased ownership of blending operations by beneficiary countries, given the limited space available to national and regional actors for leading the implementation of blending projects. The African Development Bank is the only regional financial institution that qualifies as a lead financier. There are also concerns about the EC's ability to manage blending in a 'politically savvy' way.

A single RIP for the EA-SA-IO region will not necessarily lead to a deeper political dialogue on regional integration among different ROs. This is because countries may continue to see benefits in

pursuing their national interests through different regional configurations and overlapping memberships. Also, the cross-regional envelope may not deliver the expected results, particularly given its strong fragmentation and focus on EU priorities.

Although all the RIPs appear to be closely aligned with regional strategies, development plans and treaties, there are **many reasons why alignment and ownership cannot be taken at face value**. Regional strategies and policies that enjoy strong support from donors are not necessarily backed by strong support at national level, nor by regional institutions to ensure their effective implementation. Regional organisations' over-reliance on donor funding may result in their producing strategic plans that reflect donor preferences rather than domestic or regional priorities.

Despite efforts to improve the capacity of EU delegations (EUDs) to deal with regional cooperation, our research suggests that these **efforts have not been enough**, particularly in the current context of budget constraints. Many EUDs outsource analysis, programming, formulation and actor consultation to external consultants, thereby disengaging from their key role in facilitating regional integration. The incentives for rapid disbursement outweigh the incentives for investing in analysis, high-quality policy dialogue and political facilitation, which offer greater scope for building a firm basis for results.

Implications for future EU support for regional integration

The EU is redefining its global foreign and security strategy, and rethinking the role played by development policy in this. As a result, pressure is mounting to revise the European Consensus on Development. The EU needs to ensure that its development policy is fully integrated with its external action and is in line with the 2030 Agenda for Sustainable Development and EU commitments on climate change, thus ensuring coherence between domestic and external policies. Given the importance of the EU as a political and financial sponsor of regional integration, these developments will also indicate the extent to which the EU is planning to continue to prioritise this area in the future. **The above requirements will have to be met regardless of which scenario emerges as the preferred candidate for the future of the Cotonou Partnership Agreement post-2020.**

EU support for regional cooperation and integration are likely to remain important building blocks in the EU's future foreign and security policy toolkit. The EU has long-standing relations with many regional organisations across the world, spanning a wide range of policy areas, including trade, security, and global public goods. While expectations about the role played by the EU as a global actor are running high, the EU faces growing pressure to deliver better results and value for money. The EU will need to demonstrate its added value and cannot afford to be complacent in this regard or not to continue to learn lessons as to how it can do better.

The EU's ambitions for support for regional integration may need to be revisited in terms of what is feasible. Account will need to be taken of the influence of structural factors, based on a sophisticated understanding of where political traction lies and the potential capacity of technical and political actors to form coalitions and drive regional agendas, at national and regional levels. The EU will also need to match its ambitions with the lower capacity levels resulting from staffing cuts.

This is a tall order. A streamlined approach to EU support for regional integration may be useful, but if the EU is committed to an evidence-based development policy and to results-oriented programming, **it will need to invest many more resources in understanding the real political economy of regional integration in the various regions and sectors, and how this affects EU support programmes.** This means no longer pointing to a 'lack of political will' and 'capacity constraints' as easy explanations, but rather exploring ways of tailoring support to the idiosyncrasies of different regions, sectors and sub-sectors.

The EU will need to pursue a respectful dialogue and ensure ownership. Ensuring ownership should go beyond simply aligning support with RO strategies, regional policies and treaties, which are often sponsored by donors, but lack the backing of member states and other stakeholders. The required transformation will entail revisiting and adapting the systems, incentives and capacities that are deployed to deliver support for regional cooperation, ensuring that they are geared to producing a higher impact rather than higher disbursement rates.

Pointers for the future

This analysis contains several pointers that can help EU policy-makers and practitioners refine the EU's approach to regional cooperation and its support for regional integration in future programming processes in a post-Cotonou era and as the EU seeks to revise its overarching European Consensus on Development:

1. **Adopt a qualitative approach to human resource management at DG DEVCO**, so that EC staff have an incentive to nurture their specialist expertise, to analyse where political traction lies, to conduct a policy dialogue that goes beyond aid management issues, to broker engagement among different types of regional and national actors, and to facilitate collective action. This will require skills, capacities and incentives that go beyond effective programme management for rapid disbursement.
2. **Move away from a top-down, EU-only led approach to sector definition**. While it is legitimate for the EU to pursue its own interests and define its own policy priorities, future sector choices and allocations need to be better tailored to the specificities of different regions. Only then can the EU offer support that is realistic and targeted at promising change coalitions, beyond formal actors and processes, at national and regional levels, in the public sector, the private sector and civil society.
3. **Adopt a more comprehensive, 'multi-level approach' to programming**. This entails placing subsidiarity at the centre of programming decisions, beyond a mutually exclusive understanding of regional and national sectors, so that the EU can support the domestication of regional integration agendas at the national programming level, in accordance with clear national interests. It also requires making an effort to better harmonise national and regional programming processes.
4. **Strengthen the application of the direct access principle**. Direct access will not deliver better results in the domestication of regional integration agendas unless the identification, formulation and implementation of actions is grounded on a political economy analysis of regional integration in the country in question, and on the specificities of the sector dynamics. Direct access could also be extended to a group of countries within one region, recognising informal coalitions (not necessarily controlled by the RECs), and without imposing an EU-driven agenda. The EU will also need to carefully assess the role that regional hegemony can play in driving or blocking regional processes and how this affects direct access.
5. **Adopt a more politically savvy approach to blending**. Invest in the costly phase of project planning by assessing and addressing the multiple challenges and risks related to financing transnational infrastructure development, including financial, technical, regulatory and governance challenges. Ensure that the decision-making process for the EDF dedicated blending framework:
 - i. takes sufficient account of the potential opposing interests that may emerge both within and between countries in the regions;
 - ii. ensures that investment decisions are made with sufficient buy-in from regional policy-makers, national governments and other actors, including the private sector.
6. **Lower expectations of what steering committees can deliver**. Steering committees are likely to focus on aid management issues and to be dominated by a donor-recipient logic. This means that they are very unlikely to trigger a high-level political dialogue on regional integration. The EU may need to explore creative ways of engaging, beyond formal players in formal processes. A failure to do so may lead to missed opportunities for supporting regional cooperation and change coalitions in a more politically savvy, realistic way.
7. **Strengthen support for the monitoring and evaluation of regional integration**. The EU will need to refine its theory of change on support for regional integration in different regions, sub-regions and sectors, and clarify how results will be captured and measured, beyond outputs and activity reporting. As a further point, five-year cooperation cycles are likely to be too short for producing results in regional integration.
8. **Invest in becoming a knowledge broker on support for regional integration**. This can come about only if the EU prioritises the funding of knowledge production and strengthens the feedback

loop between the field and headquarters. For instance, the EU could capitalise on the wealth of information it has collected through its five-pillar and seven-pillar assessments (the findings of which have never been made public), and which, with a little bit of reformatting, could provide a solid, evidence-based and comparable analytical framework for external support for the institutional reform of regional organisations. This could help to refine the EU approach to capacity-building for DMRO secretariats, and also generate interesting insights for a potential benchmarking exercise on regional integration.

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⁵ An extended bibliography is available in the forthcoming Discussion Paper on this topic.

ECDPM Briefing Notes

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