

Discussion Paper

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Implementing the Agenda for Change An independent analysis of the 11th EDF programming

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and Willy Kokolo**

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Key messages

The 11th EDF programming exercise is a critical test of the ability of the EU's external action structure and current development policy (the Agenda for Change) to achieve high impact aid. Moreover, the 11th EDF will unfold in a changed post-2015 context and its assessment will provide important lessons for future ACP-EU relationship beyond 2020.

The EU has ensured the effective translation into practice of two key policy commitments, namely a more focused strategy for less developed countries (LDCs) and low-income countries (LICs), and the concentration of EU aid on a limited number of sectors and policy priorities. The high degree of compliance was achieved through top-level support and tight control from headquarters.

In many countries, initial programming proposals based on in-country consultations, were superseded by HQ choices. Although the 11th EDF is closely aligned with national development plans, there is evidence that a top-down approach to programming has led to a significant erosion of key aid and development effectiveness principles, in particular country ownership.

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The views expressed in this study are exclusively those of the authors and should not be attributed to any other person or institution.

**ECDPM welcomes feedback on this paper which can be addressed to the authors via email to
Alisa Herrero at: <ahc@ecdpm.org>**

Acronyms

ACP	Africa, Caribbean and Pacific
AfC	Agenda for Change
AfDB	African Development Bank
BF	Bridging Facility
CARIFORUM	Caribbean Forum of African, Caribbean and Pacific States
CODEV	Council Working Party on Development Cooperation
CONCORD	European Confederation of Relief and Development Non-Governmental Organisations
CPA	Cotonou Partnership Agreement
CPRD	Country Poverty Reduction Diagnostic
CRS	Creditor Reporting System
CSO	Civil society organisation
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DCI	Development Cooperation Instrument
DEVE	Development Committee of the European Parliament
DFID	Department for International Development (UK)
DG	Directorate-General
DG-AIDCO	Directorate-General EuropeAid
DG-DEVCO	Directorate-General for Development Cooperation
DRC	Democratic Republic of Congo
EC	European Commission
ECA	European Court of Auditors
ECDPM	European Centre for Development Policy Management
EDF	European Development Fund
EEAS	European External Action Service
EIB	European Investment Bank
EP	European Parliament
ERD	European Report on Development
EU	European Union
EUD	European Union Delegation
EVI	Economic Vulnerability Index
FAO	Food and Agriculture Organisation of the United Nations
FPI	Foreign Policy Instrument
GBS	General Budget Support
GEWE	Gender equality and women's empowerment
GFSP	Global Fund for Social Protection
GHG	Greenhouse gas
GIZ	German Aid and International Cooperation Agency
GNI	Gross national income
HAI	Human Asset Index
HiAP	Health in All Policies
HIC	High-income country
HoC	Head of Cooperation
HoD	Head of Delegation
HoM	Head of Mission
HQ	Headquarters
HR/VP	High Representative/Vice-President
JFD	Joint Framework Document
JICA	Japanese International Cooperation Agency
JP	Joint programming
KM	Knowledge management
LDC	Less developed country
LIC	Low-income country
LKMS	Learning and knowledge management strategy

LMIC	Lower-middle income country
LRRD	Linking Relief Rehabilitation and Development
MDG	Millennium Development Goal
MFF	Multiannual Financial Framework
MIC	Middle-income country
MIP	Multiannual Indicative Programme
MS	Member state
MTR	Mid-term review
NAO	National Authorising Officer
NGO	Non-governmental organisation
NIP	National Indicative Programme
NSA	Non-state actor
OAD	Overseas Association Decision
OCT	Overseas Countries and Territories
ODA	Official development assistance
OECD	Organisation for Economic and Development Cooperation
Optimus	DG-DEVCO's strategy for optimising the use of staff and implementation modalities for the quality of EU aid
PBM	Performance-based mechanism
PBA	Programme-based approach
PCD	Policy Coherence for Development
PEA	Political economy analysis
PFM	Public finance management
PPCM	Project and programme cycle management
PPP	Public-private partnership
RF	Results Framework
RIP	Regional Indicative Programme
SBS	Sector budget support
SDG	Sustainable Development Goal
SIDS	Small Island Developing State
SWAp	Sector-wide approach
TALD	Territorial approach to local development
TEU	Treaty on the European Union
UK	United Kingdom
UMIC	Upper-middle income country
UN	United Nations
USAID	United States Agency for International Development
WB	World Bank
WGI	World Governance Index
WHO	World Health Organisation

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Executive summary

About this study

This Discussion Paper is intended to be an independent analysis of the 11th EDF programming experience. Based on the views of different stakeholders, it explores the interinstitutional dynamics and the main dilemmas encountered when implementing the programming instructions. The analysis of the paper is focused on EU's differentiation and sector concentration policies and on the key challenges in the transition from programming to implementation.

For the purpose of this study, we have mapped the geographic financial allocations for the 11th EDF national allocation envelope, based on aggregated information from a variety of official sources for all 74 countries eligible for 11th EDF funding. Our analysis of sector concentration is based on the 57 NIPs publicly available at the time of writing, representing 74.6% of the total amount allocated to the NIPs. We also conducted 86 semi-structured interviews and performed two dedicated field missions to Ethiopia and Tanzania (in December 2014 and February 2015). We also carried out a survey targeting the heads of political and operational sections at EUDs.

The three research questions guiding this study are:

- 1) Does the programming of the 11th EDF reflect the policy priorities set out in the Agenda for Change?
- 2) Is EU programming respectful of the key ingredients of the aid and development effectiveness agenda?
- 3) Is the EC equipped to deliver high-impact aid?

We ourselves set the following objectives in order to answer these questions:

- 1) map country allocations and policy priorities under the 11th EDF to assess how the Agenda for Change's commitment to differentiation and sector concentration has been translated into practice;
- 2) better understand the programming process from different actors' perspectives;
- 3) critically review the transition from programming to implementation in a changing development context.

Our main findings

The policy-to-practice gap has been narrowed

- 1) The EU, and the EC in particular, have often been criticised for their inability to address the 'policy-to-practice gap'. Thanks to top-level political sponsorship and strict management controls to maximise EUDs' compliance with the Agenda for Change, the EU has ensured the effective translation into practice of two key policy commitments, namely, a more focused approach on less developed countries (LDCs) and low-income countries (LICs), and the concentration of EU aid on a limited number of sectors and policy priorities. This is commendable, given the scale of the challenge of EDF programming, involving as it does a large amount of resources and both EU and partner actors operating in a range of different circumstances and in different countries.

EU concentrates aid on LDCs and LICs

- 2) Following the trend initiated by the 10th EDF and the Agenda for Change, the 11th EDF focuses sharply on LDCs and LICs. The EU's allocation criteria are clearly geared to reaching those 'most in need'. This has resulted in a transfer of the share of resources from non-LDC upper middle-income countries (UMICs) to LDCs and LICs. To achieve this sharper focus on LDCs and LICs, the 11th EDF uses an allocation formula that integrates quantitative indicators relating to needs, capacity and performance. Compared with the 10th EDF, the allocation formula for the 11th EDF aims to increase transparency and objectiveness by using a more limited number of internationally acknowledged quantitative indicators. The aid allocation formula also integrates possibilities for qualitative adjustment to account for more political dimensions that are not easily captured by quantitative means. However, the decision to use a geometric model rather than a simple arithmetic weighting of the indicators may make it harder for a layman to understand how the various indicators influence the allocation relative to each other.

- 3) If one looks more closely at how much EDF-ODA per person the various country income groups receive on average, based on the ACP-EDF NIP allocations, the concentration on the poorest countries becomes less marked. Although the concentration on the LIC/LDC group remains, it is not as high. The LIC/LDC group has the highest median, at €38 per person, followed by the UMICs with a median of €35 per person and the LMICs with €34 per person. Taking the average as a measure, the LIC/LDC group receives even less per person than the non-LDC UMICs (i.e. €51 per person for LIC/LDCs compared with €68 per person for UMICs). However, this is due to the small populations of some of the Caribbean and Pacific UMICs.

Sector concentration policy successfully enforced

- 4) The Agenda for Change's sector concentration policy benefited from high-level political sponsorship at headquarters and was successfully enforced at field level, with an overwhelming majority of NIPs focusing on a maximum of three sectors.
- 5) According to our analysis of 57 NIPs (covering 75% of 11th EDF bilateral funds), the 11th EDF national programming clearly reflects the broad policy priorities defined by the Agenda for Change. **Nearly 70% of funds will support sectors that contribute to inclusive and sustainable growth. The remaining 30% (roughly) of funds will support governance as a focal sector.** More specifically:
- a) The priorities defined in the Agenda for Change translate into strong financial support for **agriculture and energy**. Together they account for 41% of the total funds.
 - b) Support to agriculture (which in our analysis includes interventions in the fields of food security, rural development and environmental protection) attracts nearly 30% of funds. **NIPs that support agriculture follow a multi-sectoral approach**, given the close overlap between the areas that require support in order to generate results, and in line with the EU's strategic framework for food security in developing countries.¹
 - c) Compared with previous EDFs, the 11th EDF introduces two major and interrelated innovations in terms of policy priorities: a **significant withdrawal from transport** (a traditional sector of EU engagement until the 10th EDF, down from 25% to 10% under 11th EDF) and an **exponential rise in financial support for the energy sector** (a sector in which the EU has relatively little experience, but which received substantial political support from the previous Commissioner). Even though the number of countries focusing on energy remained stable, the total EDF funding allocated to energy was multiplied by a factor of nine.
 - d) Support for **governance as a focal sector** encompasses many different policy areas and represents nearly 30% of funds, including the use of General Budget Support (GBS), which can no longer be regarded as a separate sector. The area of governance that attracts the most attention is public finance management. Sector governance (or strengthening sector systems) is included as an objective in nearly 90% of NIPs. Support for civil society accounts for 2% of funds in our sample; 38 countries have made use of the possibility foreseen in the programming instructions for ACP countries to include an additional sector to support civil society.
 - e) **Social sectors** receive comparatively little attention, as only half of the NIPs identify at least one social sector as a priority. However, when we look at how much the EU spends on social sectors, we see that they take up about 16% of EDF funds. This is close to the benchmark established by the Agenda for Change to dedicate 20% of resources to human development. This commitment is also mentioned in the programming instructions.
 - f) Nearly half of our NIP sample include the **private sector** in their objectives and the use of 'blending' is evident in the energy, transport, water and sanitation and agricultural sectors.
 - g) **Climate change** considerations are also clearly reflected by the 11th EDF, with 74% of NIPs identifying climate change adaptation and resilience, or the transition to a low-carbon economy,

¹ European Commission, 2010.

as one of their objectives. The energy sector takes the lead, with 100% of interventions geared to improving energy efficiency and/or supporting renewables.

- h) Only 21% of NIPs mention **gender** as one of their objectives. Two out of 32 NIPs with governance as a priority sector list gender as one of their objectives. Yet this does not necessarily mean that NIPs are gender-blind. When we screened the full NIPs, we found that 66% did in fact mention gender aspects in their text. Moreover, gender-related issues may also be hidden under 'equity' or appear at the level of indicators. This suggests that gender is mainstreamed, but not prioritised.

A long programming process dominated by EU interinstitutional dynamics

- 6) The programming process was more cumbersome than originally intended. The overall negotiations on the EU budget stalled, which affected EDF negotiations. In addition, the legislative negotiations between the European Parliament (EP), the European Council, and the European Commission were blocked due to a disagreement on the EP's involvement in the programming process. This meant that there was no formal legal basis for the programming, which further delayed the process. The European Commission's Directorate-General for International Cooperation and Development (DG-DEVCO) and European External Action Service (EEAS) devised mitigation measures to ensure that funds could be committed as soon as the ratification process had been completed. These included an instruction for EUDs to start informal and technical programming talks. A Bridging Facility was also set up to ensure early access to funds. However, as there was no clarity about the amount of funds available, only high-priority needs could be covered. EUDs also reported confusion about the programming basis of the Bridging Facility, cumbersome procedures and a lack of HQ guidance.
- 7) The EEAS and DG-DEVCO had to find their feet in putting their new mandates into practice. At times, this meant that the programming process moved more slowly than expected and that the division of responsibilities was not always clear. The EEAS's involvement in the programming process was limited at EUD level compared with that of DG-DEVCO. The EEAS's lack of staffing in its early days, and concerns that national diplomats staffing the EEAS may be disconnected from development cooperation and EC procedures, were two of the reasons identified. The EEAS's engagement in programming was more constant at HQ level, where the Service took the lead in ensuring a high degree of complementarity between bilateral, regional and thematic programming. The EEAS's interest seems to be more prominent in fragile, conflict-affected countries and those countries in which human rights issues figure most prominently.
- 8) Early in the programming process, the EEAS did not seem to have a clear strategy for instilling political elements into programming nor its own method of context analysis ready for when the programming exercise started. The early expectation that EU Joint Framework Documents (JFDs, strategic documents integrating all aspects of EU external action and outlining the broad range of EU interests and priorities in specific countries and regions) would be used for the programming process did not materialise in many countries. When it did happen, there was seldom any connection with aid programming.

A top-down approach to programming diluted key aid and development effectiveness principles

- 9) DG-DEVCO's top-down approach diluted several key principles in the development and aid effectiveness agenda.
- 10) Our study suggests that country context and sector knowledge were not major drivers in programming. Evaluations (strategic, country or project) had little or no influence in programming choices, and EUDs did not make full use of political economy analysis. It is unclear whether the EC's assessment of the credibility and quality of country policies and sector absorption capacity is based on solid diagnostics, as the programming instructions do not have a rigorous analytical grid. From 2010 onwards, the EC invested in the development of political economy analysis (PEA) methodologies at country and sector levels. This created incentives for several EUDs to use them. Yet the visibility given to some of these studies in partner countries raised major concerns at DG-DEVCO headquarters, which decided to suspend further PEA exercises (thus far conducted by external consultants). Given the EUDs' limited

capacity and information access constraints, in practice this meant that EUDs could not generally rely on solid PEA to inform their programming choices. Finally, division of labour and gap analysis also do not appear to be major drivers of sector choices. All of this raises questions about the potential impact of interventions funded under the 11th EDF, a clear answer to which cannot be given until the end of the budgeting period.

- 11) EU aid programming is strongly aligned to country development plans (with only 10 EU independent Country Strategy Papers compiled in both Development Cooperation Instrument (DCI) and EDF countries) and there are positive examples of synchronisation with country planning cycles (e.g. Senegal) and flexibility in fragile countries (e.g. Zimbabwe and Liberia). However, the overall impression is that the EU's commitment to country ownership was difficult to reconcile with ensuring a high degree of compliance with EU policy priorities.
 - a) We have gathered substantial evidence that the policy priorities defined by the Agenda for Change superseded EUD proposals, thus overruling EUD-led in-country consultations with partner governments and member states.
 - b) The co-management system articulated around the National Authorising Officer (NAO) in ACP countries is not in itself a guarantee of stronger country ownership. Our research indicates that NAOs are often overruled in decisions, including on sector choices, sector allocations and aid modalities, and other implementation decisions. We did, however, also find positive examples of NAOs who were satisfied with how the EC defined its indicators, as this was respectful of ownership. According to some EUD interviewees and survey respondents, the NAOs are parallel structures that are relatively separate from line ministries and domestic accountability actors, and in many cases are run by technical assistants. We were also told that NAOs may not always and necessarily take decisions in the best interests of their constituencies (for instance, by sidelining line ministries) or of pro-poor and inclusive development (for instance, by hampering EU strategic support for civil society). This raises questions as to whether co-management really supports the democratic ownership of EU aid in all circumstances.
 - c) The participation of national civil society throughout the development cooperation cycle has been mandatory since the 2000 Cotonou Partnership Agreement. NAOs are responsible for managing relations with non-state actors in the framework of the EDF. Our research (in the form of interviews with EUD and NAO representatives and our survey) found that domestic accountability actors were consulted only marginally during the first phase of the programming process. Despite the existence of participatory processes, the outcomes of these meetings did not greatly affect programming choices. civil society participation is a fundamental principle of EU-ACP cooperation, but it is unclear whether the presence of a legal commitment in the CPA has helped to streamline the democratic ownership principle in all ACP countries.
- 12) It should be noted, however, that sector concentration and national programming did not take place in isolation. They should be viewed in the context of a broader (and extremely complex) exercise - led by the EEAS - to ensure coherence and complementarity between national, regional, intra-ACP and thematic programming. Investigating this relationship would fall beyond the scope of this study.

A relative disconnect between joint programming and EU bilateral programming

- 13) EU joint programming (JP) and EU bilateral programming generally led parallel lives, creating extra workloads for EUDs and member states. Synergies were missed in many countries. According to our survey, the incentives for JP are clearly linked with the interests of EU institutions (over 70% cited this as the main incentive) and there are very few ties with the interests of partner countries (60% of survey respondents said this was least important). The main obstacle to JP would appear to be the interests of some member states (identified as an important or very important obstacle by 70% of survey respondents). According to 85% of respondents, JP had little or no influence over EU bilateral programming. Although the mid-term reviews (scheduled for 2015 and 2016) were expected to offer an opportunity to better align JP and bilateral programming processes, some feared that synchronising both programming processes would not be possible at such short notice, given that the earliest date for the MTR for bilateral programming (and the performance-based mechanism) would be late in 2017.

Concerns about the EC's strategy to achieve higher-impact aid

- 14) The evidence suggests that the underlying assumptions of sector concentration as a policy for achieving greater impact may not hold in practice. The ideal volume of assistance to sectors and the optimum degree of donor presence depend on the particularities of the sector and the country. Donors' graduation policy combined with sector concentration and deployed in a context of imperfect division of labour may confront donors and partner countries with the following perverse effects: larger volumes of aid are directed towards sectors with limited absorption capacity, leading to the overcrowding of sectors, sector saturation, aid inefficiency and opportunity costs.² By pursuing strict sector concentration (without taking sufficient account of the country- and sector-specific context), the EC may compromise its desire to raise impact, notably by engaging in sectors where there is insufficient traction for reform. We have identified several alternatives to programming in sectors that look more promising in terms of impact.³ These new approaches merit attention in view of future EU programming exercises and the possible revision of the Agenda for Change.
- 15) DG-DEVCO has made efforts to revamp its approach to managing for results, in response to the demands of both taxpayers and member states for greater transparency in and accountability on public spending, and also to address the shortcomings of past evaluation systems. The new Results Framework (RF) has been designed to measure the results achieved against strategic development objectives, and to provide information on key aggregated results achieved with the contribution of EU assistance. Using a bottom-up approach, indicators were selected on the basis of their quality, established data sources, aggregation potential and alignment with SDGs. The RF is a major achievement, attaining a high-priority political objective in a context of limited resources. It will also become a key operational tool providing more solid evidence of the results achieved in various sectors, and generating performance data to inform future programming choices. The main concern now is to maintain quality standards and match ambition with capacity: professionalisation is not something that will take place overnight, nor will the necessary changes in mentality and procedures. DG-DEVCO will need to make major efforts to ensure that EUDs have a critical mass of people ready to adequately feed the new RF. DG-DEVCO's new Learning and Knowledge Management Strategy will be critical in this regard.
- 16) The EC is under pressure to deliver more results. In the coming years, EUDs will have to cope with higher average workloads resulting from staff cuts and the back-loading of 46% of funds remaining from the previous budgetary period, as well as with a further increase in overall future allocations for the current period. Against this backdrop, DG-DEVCO has launched a new exercise called Optimus- a corporate exercise and instrument - which will help to streamline the management of development aid and create similar workloads for all EUDs. Optimus relies on two key measures: 1) optimising the use of implementing modalities (i.e. simplifying financial procedures, increasing average contract size, outsourcing work through framework contracts, sub-granting to make calls for proposals more manageable) and 2) optimising the use of EUD staff, by rebalancing staff and thus achieving an optimum workload across all EUDs.
- 17) From the HQ perspective, Optimus will objectivise the debate on the capacity needs of EUDs, level workload across the board and provide pointers for how EUDs and EU aid could be better managed in the future. From a field perspective, there were initial concerns that the exercise was led by a managerial logic that did not take sufficient account of the non-contractual work carried out by EUDs (e.g. policy dialogue, context analysis, joint EU activities and coordination). The EUDs were concerned that Optimus will adversely affect the quality of EU aid, notably by further promoting the outsourcing of thematic expertise (through framework contracts) and by creating the wrong incentives for the use of budget support modalities. Concerns were initially raised at the EEAS that reducing EUD staffing would undermine their political weight, and also that the exercise is disconnected from a strategic vision on what the EU wants to achieve in a specific country.

² See Burcky, 2011; Ministry of Foreign Affairs of the Netherlands, 2006, quoted in Riddell, 2007; Cabral, nd.; Cabral, 2009; World Bank, 2013.

³ Denmark, Sweden and Finland have adopted a thematic approach to programming. DFID has adopted a programming-for-results approach. The WHO advocates 'health in all policies' (WHO, 2015). The 2015 African Economic Outlook calls for increasingly place-based and multi-sectoral development strategies for Africa.

- 18) DG-DEVCO's ambition to become a knowledge-based learning organisation is laudable. However, a new Learning and Knowledge Management Strategy, a new Results Framework and a new strategy for optimising the use of aid modalities and resources will not suffice if capacity does not match vision and ambitions for external action and development cooperation, particularly if the EU's main development policies commit it to supporting and assisting domestic reforms in partner countries.⁴

Implications in a post-2015 context

- 19) The current negotiations on a post-2015 development framework will have implications for the way in which the EU engages in international and development cooperation, including for the role played by EU aid in the achievement of the future SDGs. The ongoing discussions on the sustainable development agenda have introduced a paradigm shift aimed at ending the North-South conceptual framing that has historically underpinned the EDF as a policy tool. There are a number of principles inherent to the post-2015 agenda, such as universality, the move towards policy coherence for sustainable development in all countries, and the growing emphasis on shared responsibilities. These will have implications for the future of the ACP-EU relationship more broadly, as well as for the role of the EDF.
- 20) Concerning differentiation and aid allocation criteria, achieving poverty eradication as well as broader sustainable development goals may require fine-tuning and more nuanced allocation indicators that take account of sub-national differences such as inequalities and other financing and sustainable development challenges. The 11th EDF already seeks to address certain global challenges, by placing a stronger emphasis on sustainable energy and mainstreaming climate issues. The question is what role EU aid can still play in helping MICs to address inequalities, implementing the global public goods agenda (including with the aid of research and innovation, and knowledge brokering) and mobilising domestic resources (e.g. building up tax systems and using blending). The debate on the role of 'traditional aid' and the wider concept of international public finance for sustainable development in the post-2015 context will compel the EU to consider where to place the EDF and how to choose allocation criteria accordingly.
- 21) At the same time, the EU will in future have to view its aid programming more emphatically as part of a broader sustainable development financing landscape that has been further defined by the outcomes of the Third Financing for Sustainable Development Summit in July 2015. This is not, however, consistently reflected by the current 11th EDF programming exercise.

⁴ European Commission, 2012 and European Commission, 2013.

Chapter 1: Introduction

The European Union (EU) member states and the EU institutions are collectively the world's largest provider of official development assistance (ODA). In 2013, they together provided €56.5 billion, representing 52% of the total global ODA for that year.⁵ Created by the Treaty of Rome in 1957, the European Development Fund (EDF) has for over 50 years been the EU's main tool for providing development aid to African, Caribbean and Pacific (ACP) countries and to Overseas Countries and Territories (OCTs). The EDF was set up under the Cotonou Partnership Agreement (2000-2020), which currently governs ACP-EU relations. It falls outside the remit of the EU budget (also known as the Multiannual Financial Framework) and is funded by direct contributions from EU member states according to a specific 'contribution key' that dictates how much each country must pay.⁶ The EDF is subject to its own financial rules (see Chapter 2 for details).

The EU is currently implementing its 11th EDF (for 2014-2020) with a budget of €30.5 billion for aid to ACP countries and OCTs, and covering both national and regional programmes. This represents 32% of the EU's total external relations budget (encompassing both the EU budget and the EDF). Programming the EDF effectively is a major political, policy and bureaucratic challenge, involving multiple stakeholders: the European Commission (EC), the European External Action Service (EEAS), 28 EU member states (MS), the European Parliament (EP), and of course, 74 ACP governments and domestic accountability actors. For those interested in development effectiveness and EU external action, understanding the magnitude of the 11th EDF programming challenge is crucial for a number of reasons:

- 1) The 11th EDF will unfold in a radically changed global context, marked by the transition towards the Sustainable Development Goals (SDGs), which have triggered a debate on the value of ODA as part of wider sources of sustainable development funding.⁷
- 2) The 11th EDF is also the last EDF before the Cotonou Partnership Agreement (CPA) expires in 2020. The 11th EDF performance assessment will therefore be of crucial importance to the future of the relationship between the EU and ACP countries beyond 2020.
- 3) Finally, the programming and implementation of the 11th EDF will be a critical test of the EU's external action and the ability of the EU's development policy to achieve high-impact aid. This is particularly important at a time of austerity and concerns about value for money.

Study rationale and objectives

This study by European Centre for Development Policy Management (ECDPM) is an independent analysis of the 11th EDF programming experience, with a special focus on the programming process for national funds directed at ACP countries. Our work is intended to inform decision-making by both EU and ACP actors on the implementation of the EU's most recent development policy, entitled 'Increasing the Impact of EU development policy: an Agenda for Change',⁸ and to identify some of the dilemmas and opportunities for achieving higher impact during and beyond the 11th EDF.⁹

The three **research questions guiding** the study are:

- 1) Does the programming of the 11th EDF reflect the policy priorities set out in the Agenda for Change?
- 2) Is EU programming respectful of the key ingredients of the aid and development effectiveness agenda?
- 3) Is the EC equipped to deliver high-impact aid?

⁵ European Commission, 2014c.

⁶ See the Internal Agreement between member states for detailed information on the contributions keys (European Union, 2013a).

⁷ European Report on Development, 2015.

⁸ European Commission, 2011b.

⁹ This is in line with the ECDPM's dual mission of developing the capacity of actors from ACP countries and improving international (European) cooperation for better development outcomes.

We ourselves set the following objectives in order to answer these questions:

- 1) map country allocations and policy priorities under the 11th EDF to assess how the Agenda for Change's commitment to **differentiation** and **sector concentration** has been translated into practice;
- 2) better understand the programming process from **different actors' perspectives**;
- 3) critically **review the transition from programming to implementation** in a changing development context.

Methodology¹⁰

We mapped the geographic financial allocations for the 11th EDF national allocation envelope, based on aggregated information from a variety of official sources¹¹ for all 74 countries eligible for 11th EDF funding. The bilateral allocations for these 74 countries amount to €15.16 billion. We used this information to map the geographic allocation of the 11th EDF national envelopes. Our analysis of sector concentration is based on the 57 NIPs publicly available at the time of writing. These are worth €11.32 billion, representing 74.6% of the sum total allocated to the NIPs.

Based on different stakeholders' experiences, we identified the key challenges and dilemmas with regard to institutional dynamics and carrying out programming instructions. Over the past two years, and intensively during the past eight months, building on previous research carried out during the early stages of 11th EDF programming,¹² we gathered further information on how the programming instructions and the EU's most recent development policy ('Increasing the Impact of EU development policy: an Agenda for Change')¹³ have been translated into practice. More specifically, we:

- conducted a total of 86 interviews. These included interviews with 17 senior managers and administrator-level staff in DG-DEVCO, seven senior managers and administrator-level staff at EEAS HQ (three of whom we interviewed twice), and two representatives of the ACP Secretariat. We also conducted remote interviews with staff from 11 EUDs and 3 NAOs.
- performed two dedicated field missions to Ethiopia and Tanzania (in December 2014 and February 2015), during which we interviewed a total of 10 EUD staff (including one Head of Delegation, two Heads of Cooperation and seven Heads of Section), 16 representatives of member states (including Ambassadors and Heads of Cooperation) and two deputy NAOs. The aim of these field missions was not to generate case studies, but rather to obtain information from multiple stakeholders involved in programming experiences.
- conducted a survey targeting EUDs in ACP countries. The questionnaire was received by a total of 191 people (including Heads of Political Section, Heads of Cooperation and Heads of Section) from 51 EUDs.¹⁴ The overall response rate was 23%, based on 44 responses received from 32 EUDs. This means that we gathered the views of nearly 63% of the EUDs targeted by our survey.¹⁵ 88% of respondents work in operational sections.¹⁶

¹⁰ Annex 1 provides a detailed description of our research methodology and its limitations, including the representativeness of our sample of 57 NIPs by region and country income group. Annex 2 includes a list of the national indicative allocations for 74 ACP countries eligible for 11th EDF funding.

¹¹ Information sources include EEAS country websites, NAO websites, press releases, newspaper articles and DG-DEVCO desk officers, whom we asked to confirm overall allocations.

¹² This Discussion Paper is a follow up to ECDPM's Briefing Note 'Early experiences in programming EU aid 2014-2020' published in September 2013 (Herrero, Galeazzi, and Krätke, 2013) from which we generally received positive feedback from a variety of stakeholders and some calls to follow up when the programming process was further advanced.

¹³ European Commission, 2011b.

¹⁴ These included regionalised EUDs, e.g. in the Pacific and the Caribbean.

¹⁵ The geographic spread of responses was fairly balanced, with 30% coming from West Africa, 30% from Southern Africa, 19% from Central Africa, 9% from East Africa, 7% from the Caribbean and 5% from the Pacific. 77% of the responses were from EUDs in countries where the NIP had already been signed.

¹⁶ We received informal feedback from a senior member of EEAS HQ staff to the effect that EEAS staff in Delegations were concerned about completing the survey. This may be because the ECDPM has a long-standing relationship with DG-DEVCO and EUD staff and therefore still needs to earn the trust of EEAS officials.

- sought to gather the views of National Authorising Officers (NAOs). 35 NAOs were invited to complete an electronic questionnaire prepared in both French and English. Unfortunately, we did not receive any responses.
- performed a literature review including EC policy documents, the programming instructions and their annexes. We also performed a carefully targeted literature review of donor strategies for achieving higher-impact aid.

The structure of this paper

Chapter 2 provides some background information for understanding the context in which the 11th EDF was programmed, including the provisions of the Cotonou Partnership Agreement on programming; the EU's new institutional structure for external action and development cooperation; key elements of the Agenda for Change; and the legal basis for the 11th EDF, including a broad breakdown of 11th EDF resources in accordance with the EU Internal Agreement among EU institutions and EU member states.

Chapter 3 analyses how differentiation has been operationalised in the 11th EDF and how it has affected the geographical and country allocation of programmable funds ('A envelopes') for ACP countries. The analysis is based on all 74 national allocations.

Chapter 4 briefly describes the programming process as set out in the programming instructions. It focuses on the interinstitutional dynamics between the main EU actors involved in the programming process, i.e. the EEAS, the Directorate-General for Development Cooperation (DG-DEVCO) and the EU Delegations (EUDs).

Chapter 5 analyses how the EU's policy priorities presented in the Agenda for Change are reflected by the choice of priority sectors. The results of our analysis are preliminary, as we relied on the 57 National Indicative Programmes (NIPs) publicly available at the time of writing.¹⁷

Chapter 6 looks at how the guiding principles underpinning the programming instructions were translated into practice. Based on field research and numerous interviews with informed stakeholders involved in the programming process, we identify the main challenges and dilemmas experienced by the actors involved. We aim to understand interinstitutional dynamics and how different actors in the EU's partner countries experienced the programming instructions. We identify the main challenges and problems that emerged throughout the process with a view to informing future programming exercises.

Chapter 7 focuses on the transition from programming to implementation, against the background of the EU's desire to 'do more with less', and in particular on the impact of the Optimus exercise (i.e. DG-DEVCO's strategy for optimising the use of staff and implementation modalities) and the new results framework. Based on our findings, the final chapter discusses whether sector concentration is the best strategy for achieving high-impact aid, and sets out the implications of our findings for EU's development policy in a post-2015 and post-Cotonou era.

Chapter 8 lists some conclusions and pointers for future EU development policy and aid management.

¹⁷ Annex 3 lists the countries included in the analysis, their total national indicative allocations and the indicative sector allocations.

Box 1 Key words for navigating this Discussion Paper

The European Development Fund (EDF) is the EU's financial instrument for supplying aid to African, Caribbean and Pacific (ACP) countries. ACP and EU countries are the signatories of the Cotonou Partnership Agreement (**CPA**), a comprehensive trade and development cooperation framework signed in 2000 for a period of 20 years. The EDF is aligned with the EU budget, also called the **Multiannual Financial Framework (MFF)** although it falls outside its remit. It is financed directly by EU member states and governed by its own implementing and financial rules.

The **Directorate-General for International Cooperation and Development (DG-DEVCO)** is the European Commission's service that is responsible for designing the EU's international cooperation and development policy and delivering EU aid in partner countries. The **European External Action Service (EEAS)** is the EU's diplomatic service created by the Lisbon Treaty in 2009 and formally launched in 2011. Its aim is to ensure that the EU's external action is more political, effective, efficient and visible. A network of 139 European Union Delegation (**EUDs**) representing the European Union in partner countries and international organisations supports the EEAS. DG-DEVCO and the EEAS share leadership in the EU aid programming process.

Each ACP partner country is required to appoint a senior government official, known as the **National Authorising Officer (NAO)**, who is responsible for co-managing EU aid programming and implementation in the country in question.

Multiannual Indicative Programmes (MIPs) are multi-year plans that set out the priorities, objectives, expected results and indicators, as well as the indicative financial allocations for the each country, regional or thematic programme, within the MFF strategy. The multi-year plans are referred to at country level as **National Indicative Programmes (NIPs)**. A NIP is a key EU programming document. The NIP sets out the overall line of EU response and creates the basis for identifying and implementing specific programmes and projects. It includes the financial allocation for each sector, the overall and specific objectives for each sector, the main expected result for each objective and the main indicators used for each result.

The **Agenda for Change (AfC)** is the EU's development policy guiding aid programming choices for 2014-2020. It was designed by the European Commission to heighten the impact of EU aid. It sets two broad policy priorities:

1. human rights, democracy and good governance;
2. inclusive and sustainable growth.

The means of achieving these high-priority objectives include differentiated partnerships, sector concentration (a maximum of three sectors per country), more coordinated EU action, and more policy coherence for development PCD.

Chapter 2: Background information on the 11th European Development Fund

This chapter provides background information to help understand the context in which the 11th EDF was programmed, including global debates, EU-ACP relations under the Cotonou Partnership Agreement, the EU's new institutional structure for external action and development cooperation; the key elements of the EU's guiding development policy, namely the Agenda for Change; the legal basis for the 11th EDF; and the programming instructions.

The new global context for aid and international cooperation

In November 2011, development partners attending the fourth high-level forum on aid effectiveness endorsed a new global framework known as the Busan Partnership for Effective Development Cooperation.¹⁸ 'Busan' integrates the views of a wide range of development cooperation actors, particularly emerging economies. The partnership is based on a common set of principles (and differential commitments) for achieving the following common goals:

- 1) ownership of development priorities by developing countries (with the use of country systems as the default approach);
- 2) focus on results (including through joint risk management and country-led results frameworks);
- 3) inclusive development partnerships (recognising the complementary roles of different actors);
- 4) transparency and accountability (particularly with regard to the availability and public accessibility of information on development cooperation and development finance).

The outcome of Busan meant a shift away from a narrow focus on aid to a broader notion of 'development effectiveness' and 'democratic ownership',¹⁹ recognising the critical role that parliaments, civil society and local authorities play in promoting domestic accountability.

This change coincided with the start of reflections on a post-MDG global development framework to succeed the MDGs after 2015. During the past few years, the evolving post-2015 reflections and negotiations have led to a new paradigm based on universality and the shared responsibilities of all partners. In the post-2015 narrative, the North-South divide is replaced by a shared universal commitment to achieve a transformative agenda for sustainable development and tackle common challenges, with differentiated responsibilities. The 11th EDF programming process took place in parallel with the post-2015 negotiations and was the first opportunity to implement the Busan principles. Implementation will unfold in a radically changed global development context, in which international cooperation no longer revolves around the aid axis.

Programming EU-ACP development cooperation

The EDF beneficiary countries are the signatories of the **Cotonou Partnership Agreement (CPA)**, a comprehensive agreement combining the principles of political dialogue, cooperation on trade and development finance, that the EU and ACP countries signed in 2000 for a period of 20 years. The CPA was a pioneering agreement in terms of shaping the aid effectiveness agenda and respecting country ownership, against top-down, donor-led development strategies. Article 19 of the Cotonou Partnership Agreement states that 'Governments and non-State actors in each ACP country shall initiate consultations on country development strategies and community support thereto'. Article 56 enshrines the principle that development finance cooperation should be implemented in accordance with the strategies and priorities set by the ACP states, committing the EU to respecting 'local ownership at all levels of the development process' and to 'ensuring that cooperation [is] flexible and appropriate to the situation in each ACP State'.

The revised 2010 version of the CPA made explicit the commitment to the principles of 'ownership, alignment, donor coordination and harmonisation, managing for development results and mutual accountability'. According to Article 57, although the ACP states remain responsible for defining the objectives and priorities on which the indicative programmes are based, non-state actors (e.g. civil society

¹⁸ OECD, 2011.

¹⁹ ECDPM, 2012.

and private-sector organisations) and local authorities are entitled to participate in the programming dialogue process, thereby giving them a voice in determining how the funds made available to each ACP country should be used. This was one of the major innovations introduced by the CPA.

A particular feature of ACP-EU cooperation is the **principle of co-management** through joint institutions such as an ACP-EU Joint Council of Ministers, a Joint Parliamentary Assembly and the ACP-EU Committee of Ambassadors. Also, ACP countries have to appoint a senior government official as their '**National Authorising Officer**' (NAO) to represent them in all operations financed by EDF. The 11th EDF period was extended to seven years (2014-2020) so that it would coincide both with the end of the EU budget period and with the expiry of the CPA.

A new institutional structure for EU external action and development cooperation

The programming and implementation of the 11th EDF is a critical test of the EU's 'new' institutional set-up for external action, established under the **Lisbon Treaty** on 1 December 2009.²⁰ According to the Lisbon Treaty, the overall objectives of EU external action are peace, security, sustainable development and the eradication of poverty.²¹ The Treaty also commits the EU to ensuring a higher degree of cooperation and consistency for development in external action and EU internal policies,²² with the aim of promoting the sustainable economic, social and environmental development of developing countries.²³ It recognises development cooperation as a shared competence between the EU and its member states and commits the EU to 'an ever-increasing degree of convergence of member states' actions in the field of EU common foreign and security policy'.²⁴

The Treaty also created the legal basis for the **European External Action Service (EEAS)** and its network of Delegations (EUDs). The EEAS mandate includes providing support to the High Representative in fulfilling her mandate to conduct the EU's Common Foreign and Security Policy, including the Common Security and Defence Policy. EUDs are responsible for representing the EU in all EU competencies vis-à-vis all partner authorities, conducting political and policy dialogues with partner countries, sharing information with EU member states, and providing support to EU institutions in their contacts with non-EU ('third') countries and international organisations. Commission staff working at EUDs are responsible for managing EU aid and report to DG-DEVCO. EEAS staff working at EUDs are responsible for political issues. The creation of the EEAS²⁵ required some institutional adjustments on the part of the EC. The Lisbon Treaty had just taken effect when the Barroso II Commission took office in February 2010, but it took the Commissioners until 27 October 2010 to decide to merge DG DEV and DG AIDCO into a single, new Directorate-General,²⁶ i.e. DG-DEVCO.

These institutional changes had implications for the programming and management of external action financial instruments²⁷ and required a thorough revision of the programming instructions for the 2014-2020 budgetary period, in order to reflect the new institutional framework for EU external action and the division of roles between the EEAS, DG-DEVCO and EUDs.

²⁰ The then HR/VP Catherine Ashton described development policy as an integral part of the EU's external action toolbox and 'at the heart of the European Union's external action' (Ashton, 2010).

²¹ Article 3 of the TEU (Council of the European Union, 2010).

²² Article 21 of the TEU (Council of the European Union, 2010).

²³ Articles 7, 21 and 208 of the TEU (Council of the European Union, 2010).

²⁴ Article 24 of the TEU (Council of the European Union, 2010).

²⁵ The EEAS was established by means of a block transfer of staff from the Commission and the Council Secretariat, complemented by the creation of a small number of new posts allowing for the recruitment of national diplomats seconded from EU member states.

²⁶ The merger of DG DEV and DG EuropeAid satisfied five objectives: 1) to bring EC development policy design and implementation together again (they were institutionally separated in January 2001); 2) to ensure that policy-making responds better to field realities, and implementation follows the political objectives pursued by the EU; 3) to rationalise the workforce and concentrate expertise in a single DG, thus creating one 'centre of excellence' in both the design and delivery of cooperation policies; 4) to provide a single interlocutor for EEAS and the DGs so as to strengthen coherence in external action and promote policy coherence for development in other policy areas; 5) finally, to simplify communication with the EU Delegations. See Herrero and Keijzer, 2011.

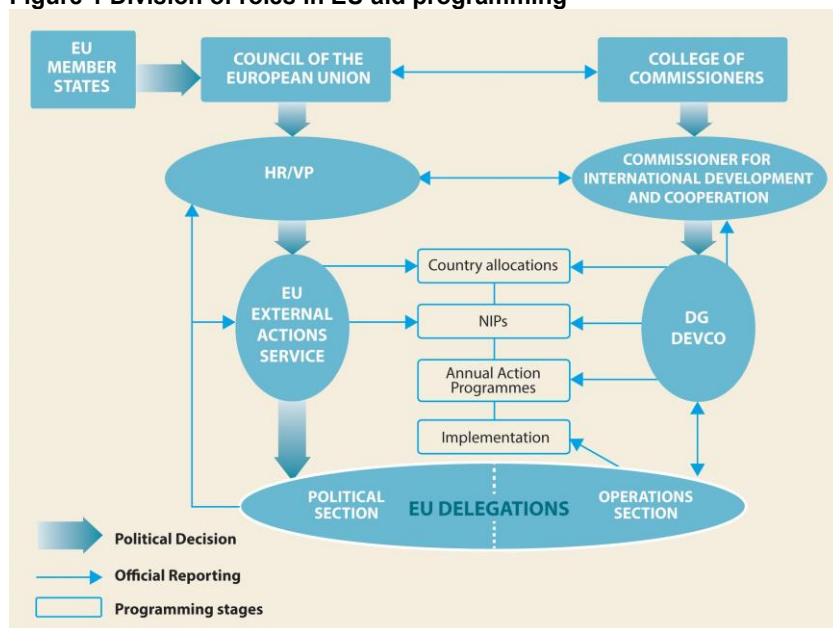
²⁷ Pre-Lisbon, the programming and implementation of the EDF were the responsibility of DG Development and EuropeAid. See Gavass and Koeb, 2010.

Division of roles in the programming process

Originally, the 2010 Council Decision establishing the EEAS²⁸ was vague about the details of EEAS leadership over the programming process in practice.²⁹ An Inter-Service Agreement signed on 13 January 2012 provided further details of specific responsibilities and roles and established the modalities for cooperation between the EEAS and DG-DEVCO. The EEAS plays a role in, and shares the competence of, strategic programming with DG-DEVCO. While the Commissioner for Development is responsible for programming development aid,³⁰ the EEAS ensures co-leadership throughout the whole process and is responsible for injecting a strategic vision. The EEAS is in charge of the interinstitutional coordination of EU external action (e.g. the coordination of joint missions and joint positions, involving other relevant DGs when appropriate) and prepares Commission Decisions on country and regional financial allocations together with DG-DEVCO. Both the Development Commissioner and the HR/VP have to sign the strategic programming documents and submit them jointly to the College of Commissioners for adoption. DG-DEVCO takes the lead in thematic and regional programming and is also responsible for the design of annual action programmes, their implementation and financial management.

More responsibility was also given to the EUDs, who play a crucial role in the programming process in drafting a proposal for a *EU response strategy* based on an assessment of the overall political situation and the existing national/regional development plan in the partner country. This requires close cooperation and dialogue between the EUDs, the EEAS and DG-DEVCO.

Figure 1 Division of roles in EU aid programming



Source: adapted from Furness, M. 2010, p. 14

A changing policy context for EU development aid programming

The 11th EDF was negotiated at a time of austerity. Just as the Lisbon Treaty entered into force, the EU was hit by an unprecedented economic, financial, political and social crisis. For the first time ever, EU leaders agreed on a net reduction (of 3.4%) in the EU budget, which was capped at 1% of GNI. The reduction represented a total of €960 billion for 2014-2020.³¹ The EC's initial proposal for the EDF was also

²⁸ European Union, 2010.

²⁹ The differing visions of EU member states, the Commission, the EEAS and the EU Parliament on the extent of EEAS involvement rendered the final agreement vague and open to further interpretation (see Tannous, 2013).

³⁰ The assumption is that giving final responsibility for EU external aid to the Commissioner for Development would mitigate the risk of the 'securitisation of development', which could potentially result from EEAS involvement in the process.

³¹ See European Council, 2013. The EC's initial proposal (for a total EU budget of €1,025 trillion) was cut by 6.3%. The EC's initial proposal for Heading 4 on 'Global Europe' (including the DCI, but excluding the EDF) was also drastically cut, from €61,970 million to €58,704 million. See European Commission, 2011d.

cut during negotiations, from €34.20 billion to €30.50 billion for seven years,³² thus further compromising the EU's commitment to dedicate 0.7% of GNI to ODA.³³

Under increasing pressure to do more with less and show value for money, the European Commission announced a new development cooperation policy in October 2011 that was designed to maximise the impact of EU aid and generate the best value for money. This was known as the Agenda for Change. Building on the European Consensus on Development,³⁴ several changes were introduced to make EU aid more efficient and effective, and more targeted and results-oriented in order to achieve high impact. The European Council endorsed the Agenda for Change in May 2012, so that it became the EU's guiding policy document in the design and implementation of development-focused external action instruments under the MFF for 2014-2020.³⁵

The Agenda for Change introduced a number of innovations in EU development aid:

- 1) target aid at those countries in which the highest impact can be achieved (through a differentiated approach to aid allocation) and which have the greatest needs;
- 2) focus on two priority areas: 'governance, democracy and human rights' and 'sustainable and inclusive growth', thus ensuring that 20% of EU ODA is spent on social development;
- 3) concentrate EU bilateral cooperation on a maximum of three sectors per partner country.

The Agenda for Change also emphasises the need to promote coordinated EU action and improve policy coherence for development (PCD).³⁶ These policy priorities are compounded by the EU's overall commitment to spend at least 20% of its budget (including the EDF) on climate-related activities. The results and impacts achieved by the 11th EDF will be assessed against the objectives set by the Agenda for Change.

The legal basis for the 11th EDF

The implementing and financial rules of the 11th EDF are set out in the **Internal Agreement**.³⁷ This was signed by the EU member states in June 2013, based on a Commission proposal presented in December 2011. It was clear at the time of signing that the process of ratification and entry-into-force (leading to the release of 11th EDF funds) would not be completed before January 2014. In order to minimise the risk of delays in disbursing funds, some of the provisions of the Internal Agreement were applied in the meantime, including the adoption of the Implementation and Financial Regulation.³⁸

³² On 2 March 2015, Federica Mogherini (the EU's High Representative and European Commission's Vice President) and Neven Mimica (the European Commissioner for International Cooperation and Development) announced the entry into force of the 11th EDF, which was to be worth €30.50 billion.

³³ Euractiv, Infographic: The EU's development aid budget 2014-2020, 14 February 2013.

³⁴ The European Consensus on Development (2005) was a decisive step in that it upgraded EC development policy to an EU-wide policy. Formulating commitments for the European Commission as well as for EU member states, it calls for coordination and complementarity between their actions and underlines their common values (i.e. respect for human rights, peace and democracy).

³⁵ Council of the European Union, 2012.

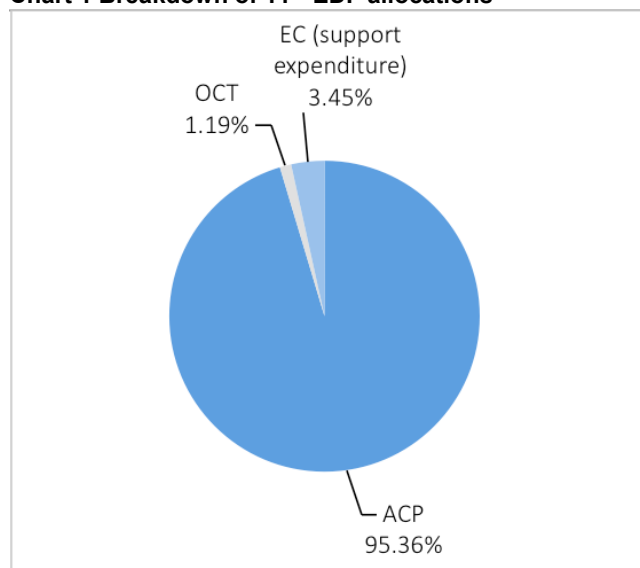
³⁶ This builds on commitments made under the EU Code of Conduct on Complementarity and Division of Labour in Development Policy (2007) and the EU's Fast-Track Initiative: Division of Labour (2008), all geared towards achieving greater impact of EU development policy through increased coordination and complementarity mechanisms between the EC and the member states.

³⁷ The Internal Agreement fixes the size of the EDF, includes a broad breakdown of the funds, the contribution keys and voting rights for each member state in the EDF Committee. The latter consists of EU member state representatives, is chaired by the Commission and takes decisions on the EDF programming process and the method for fund allocation, as well as on the monitoring and evaluation of the EDF funds. The EDF Internal Agreement is usually adopted unanimously by the Council. The consent of the European Parliament is not required as the EDF is outside the EU budget. All EU member states need to ratify the EDF Internal Agreement before it can enter into force. This means that no 11th EDF funds can be committed before the ratification process is complete.

³⁸ The 11th EDF Implementation and Financial Regulations were adopted by the Council on 26 May 2014 (Regulation 566/2014; 567/2014). The Implementation Regulation sets out the general framework for programming and implementation, as well as the monitoring and reporting requirements. The Financial Regulation spells out the financial rules and includes novelties such as a new EU Trust fund governing pooled funds and explicit provisions on blending. The EU has gradually taken steps to ensure that the EDF regulations are aligned as closely as possible with those of the Development Cooperation Instrument (DCI) and the Regulations of the General Budget.

The Internal Agreement set the size of the 11th EDF at **€30,506 million** in current prices. This represented a slight increase (of approximately 0.2% in real value)³⁹ compared with the 10th EDF when extrapolated over a seven-year period.⁴⁰ The Internal Agreement also determined the broad breakdown of funds allocated: 95% of the 11th EDF, i.e. €29,089 million, was to go to ACP countries as shown in **Chart 1**. The remaining funds, i.e. €364.50 million (1.2%) were allocated to the Overseas Countries and Territories (OCTs),⁴¹ with €1,052.50 million (3.5%) going to the European Commission for support expenditure.⁴²

Chart 1 Breakdown of 11th EDF allocations



Source: EU Internal Agreement

Under the 11th EDF, the following resources are allocated to the ACP States (€29 billion in total):

- €24.4 billion to finance national and regional indicative programmes (NIPs/RIPs);
- €3.6 billion to finance intra-ACP and intra-regional cooperation;
- €1.1 billion allocated to the EIB to finance the ACP Investment Facility (see **Table 1**).

The sub-envelope for NIPs and RIPs has gained weight over time (representing around 70%, 81% and 84% in the 9th, 10th and 11th EDFs respectively). The share allocated to intra-ACP cooperation has remained stable from the 10th to the 11th EDF (at 12%).

The intention in doing so is to simplify and harmonise EU procedures, particularly in view of the possible budgetisation of the EDF.

³⁹ European Commission/EEAS, 2012a. Without this extrapolation to account for the fact that the 10th EDF only covered a six-year period, the increase in real value is about 0.6% (Krätke, 2013).

⁴⁰ However, the agreement concluded by the member states on 8 February 2013 provided for an 11% reduction in the 11th EDF budget, as previously proposed by the Commission, viz. in July 2012.

⁴¹ OCTs are not covered by the Cotonou Partnership Agreement. The legal basis for the cooperation with OCTs is the Overseas Association Decision (OAD).

⁴² At least €76.30 million of this support expenditure is to be allocated to the Commission for activities and measures to heighten the impact of EDF programmes (see European Union, 2013a).

Table 1 Resources allocated to ACP countries in the 9th, 10th and 11th EDFs (€ million)

Envelope	9th EDF	%	10th EDF	%	11th EDF	%
1. National (NIPs) and regional cooperation (RIPs)	12,146	70	17,766	81	24,365	84
2. Intra-ACP cooperation	3,059	18	2,700	12	3,590	12
3. Investment Facility (managed by the EIB)	2,220	13	1,500	7	1,134	4
Total support for ACP countries	17,425	100	21,966	100	29,089	100

Source: Amounts for the 9th and 10th EDFs as indicated in the Commission Staff Working Paper: 10th EDF Performance Review p.9, and for the 11th EDF as indicated in the Internal Agreement signed by EU member states, all in current prices.

Most EDF resources are managed by the European Commission⁴³ using a variety of modalities, such as grants, budget support, blending grants and loans.⁴⁴ The EU Commission has suggested increasing support expenditure from 2% (i.e. €430 million) under the 10th EDF⁴⁵ to 5% under the 11th EDF so as to better reflect the amount of expenditure that is needed to implement the EDF adequately.⁴⁶ The European Court of Auditors' 2008 report pointed out that pressure to reduce EUD and Commission resources has impeded the ability of the EU to deliver high-quality aid, due to a lack of expertise, especially in the social sectors.⁴⁷ The 2012 OECD DAC peer review of EU aid recommended investing more in expertise and knowledge management among EU institutions, so as to raise impact and added value and 'lower the administrative burden on partners and EU staff'.⁴⁸

The Internal Agreement increased the available support expenditure, but to a lesser extent than the Commission had initially requested (i.e. a 5% rise). It is fixed at €1,052.50 million or 3.45% of the total EDF.⁴⁹ The Internal Agreement justifies the increase in support expenditures as follows:

'The resources for support measures to improve the impact of EDF programmes (...) shall include Commission expenditure associated with implementing a comprehensive results framework and enhanced monitoring and evaluation of EDF programmes from 2014 onwards. The resources shall also support the Commission's efforts to improve financial management and forecasting of the EDF with regular reports on progress.'

According to a preliminary breakdown by expenditure type, around 80% of expenditure will serve to support EUD staff needs.⁵⁰ A DG-DEVCO HQ interviewee explained that 'the increase in the support expenditure foreseen by the Internal Agreement is a *one-off*, but has been translated into 33 additional posts (22 contract agents, and 11 local agents) distributed across fragile countries. We have particularly targeted countries outside the comfort zone (in terms of the forecast workload).'⁵¹ Other types of expenditure covered by this increase are monitoring and evaluation, studies, and audits.

The European Investment Bank manages about 3.7% of the total EDF through the ACP Investment Facility (€1,134 million). The OCT Investment Facility (€5 million) finances higher risk activities. The share allocated to the ACP Investment Facility declined by almost half from the 9th EDF to the 10th EDF (12.7%

⁴³ Some are managed by the EIB.

⁴⁴ D'Alfonso, 2014.

⁴⁵ European Union, 2006.

⁴⁶ European Commission, 2011e: p. 4.

⁴⁷ European Court of Auditors, 2008.

⁴⁸ OECD-DAC, 2012.

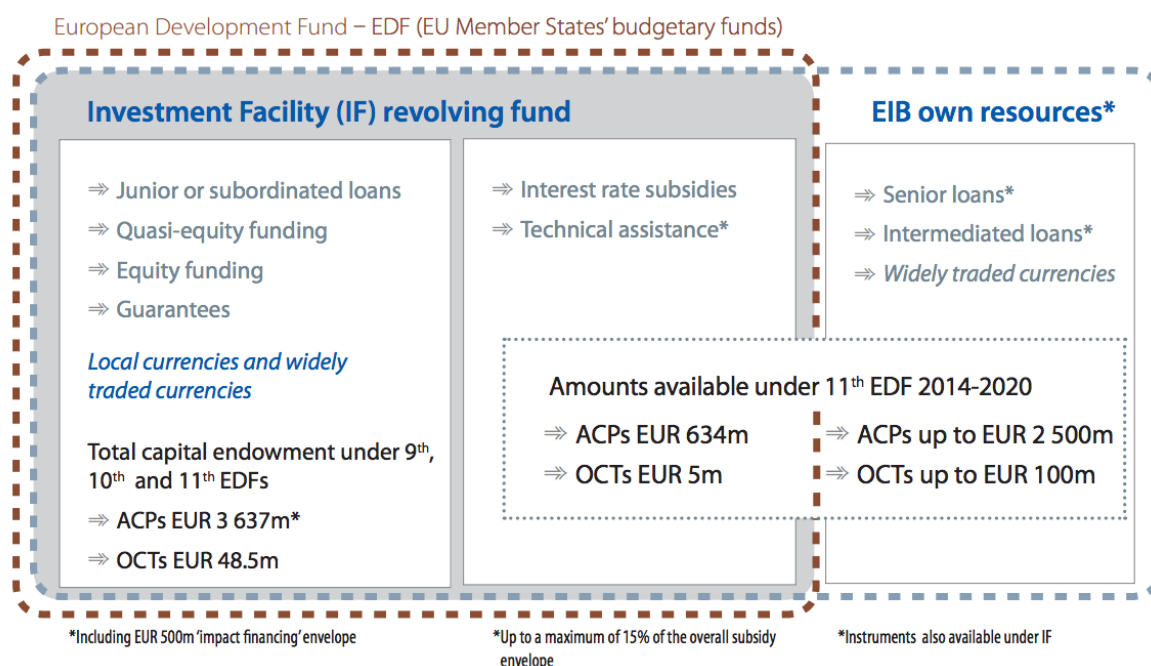
⁴⁹ European Union, 2013a.

⁵⁰ Including officials, contract agents, local agents, training and mission budget.

⁵¹ See Chapter 7, section on Optimus.

and 6.8% respectively), falling further to 3.8% under the 11th EDF.⁵² The EDF blending framework includes the Investment Facility for the Pacific, the Africa Investment Facility (AfIF), and the Caribbean Investment Facility. According to the EIB Business Strategy 2014-2016 for the ACP, priority will be given to projects with a high development impact, promoting economic stability, sustainable growth and employment creation; projects in which the EIB can provide added value in both financial and non-financial terms; and to LDCs. The Strategy also states that 'the Bank will gradually increase its lending activity in the region, benefiting in particular from a dedicated 'Impact Financing Envelope' for riskier operations but with higher development impact'.⁵³

Figure 2 Funds managed by the EID in ACP countries and OCTs



Source: EIB's ACP strategy 2014-2016.

The following chapters will focus on how resources for national cooperation (as indicated in NIPs) have been programmed in practice. We will start by explaining the EDF criteria for determining bilateral allocations and then zoom in on the bilateral programming exercise, looking at interinstitutional dynamics, policy priorities and sector concentration, and how the programming instructions were implemented.

⁵² This is because the Investment Facility is designed to be self-sustaining by obtaining re-flows and remuneration from projects, a goal towards which it is making progress. See Hoyer, W. 2014. It should however be noted that the EIB will be providing €2.60 billion to the Investment facility, from its own resources (funds borrowed on the international capital markets with member state guarantees), supplementing 11th EDF resources. See Featherstone, 2013.

⁵³ European Investment Bank, 2014.

Chapter 3: Where does 11th EDF money go?

This chapter analyses how the EU has allocated resources from a geographic perspective and how the Agenda for Change differentiation principle has operated in practice. It does so by providing more details on the EDF allocation criteria underpinning differentiation and how this has been reflected in 11th EDF bilateral allocations for the ACP countries.

Towards greater differentiation

The principle of differentiation in aid allocations is not new in EU's development cooperation. It reflects the EU's concern with striking a 'balance between the needs of the countries and the potential effectiveness of aid'.⁵⁴ The 9th and 10th EDF aid allocations were already based on differentiated allocation criteria, with a focus on least developed, low-income and fragile countries.⁵⁵ The Agenda for Change has consolidated differentiation as the cornerstone of its stated desire to maximise impact. It calls for an increasingly differentiated approach between beneficiaries, a sharpened geographical focus and the definition of alternative forms of cooperation and dialogue with more advanced partners. The Agenda for Change introduces differentiation at three levels:

- I. access to aid (i.e. graduation of eligibility);
- II. levels of aid;
- III. the use of an optimum mix of policies and instruments adapted to countries' development situation.⁵⁶

The Impact Assessment for the 11th EDF noted that:

*'A growing disparity of the profiles of partner countries, territories and regions benefiting from the EDF can be observed, regarding their needs, capacities and performance and the potential impact of EU aid. In addition, the modalities for the implementation of EU support to these countries or territories are not always appropriate to take into account each country's specificities.'*⁵⁷

The ACP group had grave reservations about the differentiation policy in the Agenda for Change, especially about the issue of access to bilateral aid. The ACP group pointed out that the Cotonou Partnership Agreement did not contain any legal provision for enacting the graduation principle. Former ACP Secretary-General Dr Mohamed Ibn Chambas said that 'the inclusion of the element of graduation, linked to a differentiated approach with respect to access to resources, in our view is not within the spirit of the Second Revision of Cotonou.' He stressed that 'ACP countries that have achieved a favourable economic performance should be supported to transition to a more stable and sustainable growth path.' From an ACP point of view, graduation and strong differentiation are 'an undue punishment for countries that have achieved growth and prosperity through discipline, sound governance and prudent economic policies', Dr Ibn Chambas claimed.⁵⁸

Although graduation did not in the end apply to the 11th EDF⁵⁹ as it did to the DCI 2014-2020,⁶⁰ the trend towards greater differentiation was reinforced in the 11th EDF by a new allocation formula, aimed at significantly reducing bilateral aid to upper middle-income countries (UMICs) and large emerging economies, and instead targeting least developed countries (LDCs), low-income countries and countries in

⁵⁴ FERDI, 2012.

⁵⁵ The principle of differentiation in terms of using needs and performance criteria to determine the allocation of EDF funds was introduced with the Cotonou Partnership agreement. See Keijzer, et al., 2012. and Markova, 2013.

⁵⁶ Keijzer, et al., 2012.

⁵⁷ European Commission, 2011g, p. 13.

⁵⁸ SAFPI, 2012.

⁵⁹ Only the Bahamas, as a HIC, 'graduated' from bilateral assistance under the 11th EDF.

⁶⁰ 16 countries graduated from bilateral aid eligibility for the DCI: Argentina, Brazil, Costa Rica, Chile, China, India, Indonesia, Iran, Kazakhstan, Malaysia, Maldives, Mexico, Panama, Thailand, Uruguay and Venezuela.

crisis, post-crisis, fragile and vulnerable situations.⁶¹ This chapter therefore focuses on differentiation in the levels of aid for different countries and groups.

Of the ACP countries covered by the 11th EDF for bilateral aid, 40 are classified as LDCs under the OECD income classification and should thus be the target of EDF resources.⁶² This is more than half of the eligible EDF countries that receive bilateral aid allocations. The EDF instrument as such thus already has a clear focus on poverty. The LDC group in the ACP includes 25 low-income countries (LICs), 12 lower-middle income countries (LMICs), two UMICs and one high-income country (HIC) according to the World Bank income categories. While most LICs are also LDCs, the EDF encompasses a number of LMICs and UMICs that are not LDCs,⁶³ many of them from the Caribbean or Pacific as well as 15 African states.

11th EDF allocation method for bilateral cooperation

The EEAS and DG-DEVCO jointly refined the allocation methodology for the 11th EDF national programmable funds (called A envelopes in EU jargon).⁶⁴ They together presented the indicators and an allocation model and methodology to EU member states in June 2013 and discussed it in the EDF Committee in July 2013. The indicators chosen for the allocation methodology had to reflect both the principles of the Cotonou Partnership Agreement and the strategy embodied by the Agenda for Change:

- The Cotonou Partnership Agreement requires the indicative resource allocation among ACP countries to be based on standard, objective, transparent needs and performance criteria. Article 2 of the Cotonou Partnership Agreement, which refers to differentiation, states that ‘cooperation arrangements and priorities shall vary according to a partner’s **level of development**, its **needs**, its **performance** and its **long term development strategy**’.⁶⁵
- The Council Regulation on the implementation of the 11th EDF⁶⁶ mirrors the Agenda for Change and ensures that the requirements set out in the Cotonou Partnership Agreement are respected. At the same time, it introduces **additional criteria for assessing the potential impact of EU aid as well as capacities** relevant to the allocation, which strictly speaking do not have a legal basis in Cotonou. The Regulation states that: ‘a differentiated approach shall be pursued, in order to ensure that partner countries are provided with specific, tailor-made cooperation based on: (i) their **needs**; (ii) their **capacities** to generate and access financial resources and absorption capacities; (iii) their **commitments and performance**; and (iv) the **potential impact** of European Union assistance.’

⁶¹ See European Commission, 2013a. Most EU aid agencies have introduced stricter differentiation criteria, withdrawn aid from long-term partners in order to concentrate efforts on LDCs, LICs and fragile countries. Between 2010 and 2012, the Commission noted 71 cases of EU member states exiting from 43 partner countries. See European Commission, 2012d.

⁶² While the World Bank strictly uses income levels for categorising countries as LICs, LMICs and UMICs, the OECD uses the UNDP concept of LDCs as well, factoring in a number of additional human development and vulnerability criteria.

⁶³ The EDF covers 42 LMICs and UMICs, according to World Bank income classifications. According to the OECD, 14 of these are also LDCs. The EDF also covers six HICs according to the World Bank classification, one of which (i.e. Equatorial Guinea) is also an LDC.

⁶⁴ The EDF provides for A and B envelopes. A allocations constitute the programmable amount in the NIP. The B allocations exist to cover unforeseen needs and mitigate adverse short-term effects. In the case of the 11th EDF, while B envelopes may be included in the NIP, their value will remain at €0 until a need arises, at which point they will be financed from unallocated reserves. A new ‘absorption mechanism for exogenous shocks’ funded through EDF reserves (i.e. non-programmable funds) and replacing the Flex/V-Flex instruments will help ACP countries to mitigate the short-term effects of exogenous shocks under the 11th EDF. This mechanism could allow the financial allocation for SIDS, for instance, to be raised significantly in the event of an exogenous shock (e.g. Vanuatu after the earthquake).

⁶⁵ Article 3 of annex IV of the Cotonou Partnership Agreement also states that: ‘a) needs shall be assessed on the basis of criteria pertaining to per capita income, population size, social indicators and level of indebtedness and vulnerability to exogenous shocks [and] b) performance shall be assessed on the basis of criteria pertaining to governance, progress in implementing institutional reforms, country performance in the use of resources, effective implementation of current operations, poverty alleviation or reduction, progress towards achieving the Millennium Development Goals, sustainable development measures and macroeconomic and sectoral policy performance’.

⁶⁶ European Union, 2013a.

Both texts also give priority and award special treatment to countries most in need, in particular LDCs, LICs, and countries in crisis or dealing with the aftermath of crisis and natural disaster as well as those in vulnerable situations such as island and landlocked states.

The application of these criteria in practice is complicated by the fact that the ACP countries are a heterogeneous group of states with diverse characteristics.⁶⁷ They vary greatly in geography and size, with populations ranging from less than 2,000 in the state of Niue in the Pacific to over 170 million in Nigeria. National income per capita ranges from about USD 240 in Burundi to about USD 15,080 (in 2012 prices) in Barbados. They also vary in terms of how vulnerable they are to economic and environmental shocks, as well as in the development challenges and opportunities they face. Moreover, relevant criteria and indicators for the allocation model could cancel each other out within a formula. For example, a country with high needs would demand a higher allocation, while low governance performance scores for the same country would point to a lower allocation.⁶⁸

The allocation formula for the distribution of the 11th EDF across ACP countries is based mainly on the use of a small set of internationally recognised quantitative indicators,⁶⁹ using the following elements:

- population (i.e. the higher the population, the higher the allocation);⁷⁰
- GNI per capita (i.e. the higher the GNI per capita, the lower the allocation);
- composite measures of human development with the aid of the Human Asset Index (HAI) (i.e. the higher the HAI per capita, the lower the allocation);
- the Economic Vulnerability Index (EVI) (i.e. the higher the vulnerability indicator, the higher the allocation);
- the World Governance Index (WGI) (i.e. the higher the indicator, the higher the allocation).

As the GNI, the HAI and the EVI form the basis for the LDC category, using these indicators also helps to ensure that financial allocations favour the least developed and most vulnerable countries. Yet additional relevant criteria such as inequality indices that could be relevant to allocations (as proposed by the European Parliament)⁷¹ are not used as quantitative indicators. One of the reasons for not including such measures in the quantitative indicators for the allocation formula may be that the data on inequality measures are not always sufficiently reliable. It is difficult to assess whether such criteria played a role in qualitative adjustments. The methodology does not explicitly note sub-national differences within the indicators or quantitative inequality indicators as grounds for altering the allocation.

Compared with the more complex allocation methodology for the 10th EDF, which included a wide range of quantitative as well as qualitative needs and performance indicators, the allocation formula for the 11th EDF aims to increase transparency and objectivity and thus relies on a limited number of indicators. Annex 4 provides a detailed account of the changes in allocation criteria.

Despite the relatively transparent logic behind the selection of indicators, the formula and indicator weighting may not be very clear to the general public. An interesting feature of the formula is that there is **no arithmetic weighting of the various quantitative indicators** reflecting needs, capacity and performance as criteria. A geometric model is used instead. While this choice would seem to guarantee a stronger bias in favour of LDCs and LICs⁷² and thus follows the priorities set in the Agenda for Change, it also makes it more difficult to understand the relative weight of each indicator and how it influences the country allocations.

In addition to the use of quantitative indicators, the methodology allows for a **qualitative adjustment** to be made to the results of the quantitative weighting, by applying factors ranging from 0.75 to 1.25. This means

⁶⁷ See, ECDPM, 2014 (particularly the 'statistical overview of ACP countries and other country groupings' pp. 31-34).

⁶⁸ Markova, 2013.

⁶⁹ The new allocation formula was based on a study carried out by FERDI (FERDI, 2012), the findings of which were also shared with the ACP Secretariat, albeit at a late stage (Keijzer, et al., 2012).

⁷⁰ Population size is capped at 40 million.

⁷¹ European Parliament, 2013b.

⁷² See FERDI (FERDI, 2012), which found, after testing both geometric and arithmetic formulas, that the former leads more consistently to the desired focus on LICs and LDCs. Simulations using the same indicators would not have resulted in a concentration on LDCs and LICs if a geometric model had been used (see FERDI, 2012).

that qualitative factors can be used to either raise or lower the quantitative allocation by up to 25%. This is intended to capture country specificities that are not easily quantifiable, such as the political and security situation or the absorption capacity of governments as demonstrated in past cooperation with the EU. In terms of the Agenda for Change criteria, the *'needs'* and *'capacity'* dimensions are largely reflected by quantitative indicators relating to income per capita, level of human capital and structural vulnerability. These have already guided the allocation of previous EDFs and the additional criteria of *'capacity'* introduced by the Agenda for Change does not therefore appear to be problematic. However, in the case of *'performance'* and *'EU impact'*, which are more complex, the quantitative World Governance Indicators are complemented by the option of adjustment based on qualitative assessments. **Deciding how a given indicator influences the allocation is not only a technical matter but a political decision.** For example, a low score on WGI (measuring governance dimensions such as political stability), which in the current situation lowers the allocation so as to create incentives and take account of absorption capacity, could equally be an argument for a higher allocation as it may indicate that the country is fragile and in need of special assistance. By the same token, higher WGI scores can also be an important indicator for considering where aid has potentially higher impact, as a better policy environment can ensure more effective use of aid and thus a higher impact.

Building on previous experience with incentive-based approaches and the lessons learnt from the Governance Initiative of the 10th EDF,⁷³ Council Regulation of 2 March 2015 on the implementation of the 11th EDF⁷⁴ states that 'indicative country allocations may be supplemented by, among others, a performance-based mechanism'. The EU recognises that 'while financial incentives are not sufficient to trigger democratic reforms, an incentive-based approach works best when a critical mass of funding is available in order to generate significant impact and results, where allocations form part of a broader strategy of Union engagement'. The box below provides some additional information on the process for designing the 11th EDF performance-based mechanism.

Box 2 The 11th EDF performance-based mechanism (PBM)

Some member states thought that the country allocation methodology had not taken sufficient account of performance and advocated including an allocation for a performance-based mechanism in the 11th EDF, which was finally set at €2 billion.⁷⁵ Following initial technical discussions among member states and the EC, a PBM was designed to assess the progress made towards a commonly agreed objective in the MTR and to reward performance. The Council Regulation acknowledges that 'special treatment shall be given to fragile and vulnerable states to ensure that their particular needs are duly taken into account', and calls for rewards to match the financial volume of the governance incentive tranche under the 10th EDF 'in order to provide incentives for result-oriented reforms in line with the Agenda for Change and for the fulfilment of the commitments established in the ACP-EU Partnership Agreement'. Performance is defined in very vague terms: some member states favour a governance approach, while others advocate a broader definition of performance. Given the short time span in which to demonstrate progress (i.e. there are roughly two years before NIPs are subject to an MTR), it has been agreed that the World Governance Index will be used to monitor performance. Rewards will be calculated progressively, lack of progress will not be penalised (contrary to the MTR, in which country allocations can be revised downwards if necessary) and countries will not compete against each other. The PBM rewards can be used to top up budget support or to provide additional support to the focal sector. A technical workshop was held in July 2015. The PBM guidelines on PBM should be finalised by October 2015, so that they can feed into the MTR in good time. The ACP Secretariat has not been involved in the planning of the PBM. The final decision on the PBM will be presented to the ACP Secretariat in due course.

Source: Interview with senior DG-DEVCO official in June 2015 and Council Regulation (EU) 2015/322.

In conclusion, **even though there has been a shift towards a set of more limited and objective criteria, the allocation necessarily still leaves scope for political and wider EU external action considerations to influence national allocations.** The transparency of the model for the general public has been compromised by the fact that the formula does not follow an arithmetic linear model and the weights of the indicators cannot easily be identified. The formula takes account of a variety of factors beyond income. Because of the possibility of making qualitative adjustments, it is impossible to assess the extent to which a country's income grouping has determined its allocation.

⁷³ The Governance Initiative was criticised for rewarding commitments rather than performance, as well as for being opaque. See European Commission, 2011f and European Commission, 2009a.

⁷⁴ European Union, 2015.

⁷⁵ Council of the European Union, 2014c.

The next section explores in more detail the results of the 11th EDF allocation methodology, in terms of both geographic focus and income category.

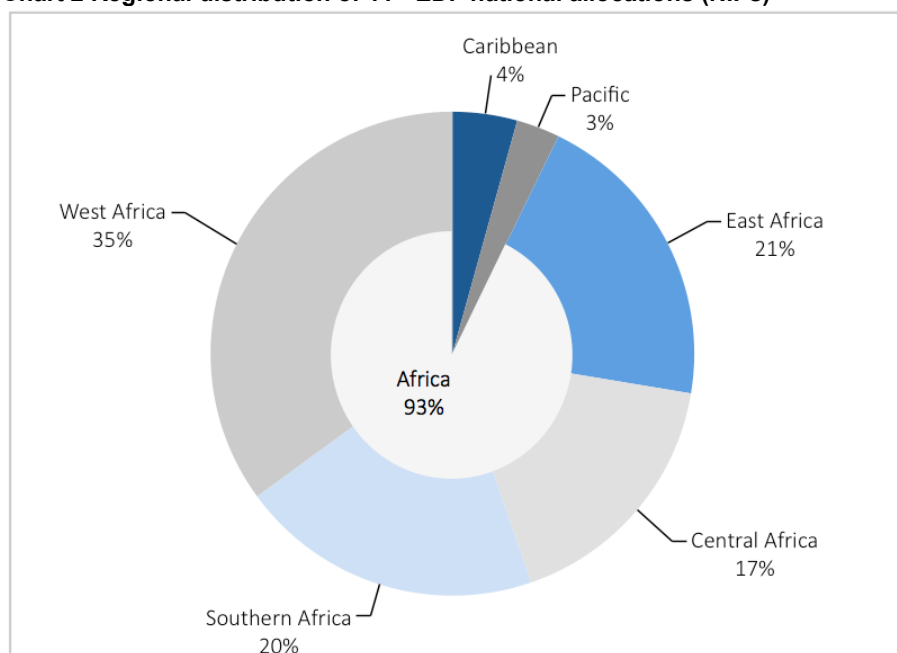
Where is 11th EDF money concentrated?

Geographic allocation

Historically, the majority of EDF funds have gone to Africa. Until 2011, under the terms of the Cotonou Partnership Agreement, 70% of total EDF funding was allocated to Africa, 6% to the Caribbean and 2% to the Pacific.⁷⁶ An analysis of 11th EDF NIP allocations shows that Caribbean countries are to receive 4% of the funds available for ACP national cooperation, the Pacific countries 3%, while the African countries are to receive the remaining 93% (see **Chart 2**). The focus on sub-Saharan African countries is not surprising given that the continent hosts about 96% of the total population of ACP-EDF recipient countries. Thirty-four out of the 40 LDCs in the ACP region⁷⁷ are African countries and extreme poverty, in proportion to population size, is most prevalent in sub-Saharan African countries.⁷⁸

At a sub-regional level in Africa, West Africa (hosting 36% of the total ACP-EDF population) will receive 35% of ACP-bilateral funds,⁷⁹ East Africa (hosting about 32% of the population) has been allocated 21%, Southern Africa (hosting 13.5%) 20% and Central Africa (hosting 15%) 17%.

Chart 2 Regional distribution of 11th EDF national allocations (NIPs)



Source: Aggregated data sources for 11th EDF NIPs for 74 eligible ACP countries.

The geographic allocation balances competing indicators. For example, countries in West and East Africa score high on the needs-based indicators, with an average GNI per capita of only around USD 1,000 and 770 respectively. Together with the Central African Countries, they also have the lowest average score on the Human Asset Index (HAI). Yet, on average, the Central, East and West African countries also post the lowest governance scores on the WGI. In theory, this should lead to a lower allocation. While Southern African countries have the third highest average HAI score and thus a lower average 'need' compared with

⁷⁶ 13% was reserved for regional cooperation and about 4.5% went to the Intra-ACP Facility. 4% went to administrative and financial expenditure and another 1% to the OCTs. See Ministry of Foreign Affairs of the Netherlands, 2013: p. 74.

⁷⁷ Based on the OECD's 2014 classification.

⁷⁸ According to the World Bank's 2011 data, sub-Saharan Africa is indeed the region in which extreme poverty is most prevalent, with 47% of the population living on less than USD 1.25 per day. See <http://data.worldbank.org/topic/poverty>.

⁷⁹ Indicatively allocated 11th EDF bilateral funds for the NIPs.

other African regions, they also have a high average level of economic vulnerability, together with the Pacific countries (see **Table 2**).

Table 2 Selected 11th EDF allocation indicators per region

Region	Population (as % of ACP-EDF recipient countries)	GNI per capita (Atlas method, current USD) 2012	WGI	EVI	HAI
West Africa	35.9	1,025	-0.653	48.49	47.37
East Africa	31.7	769	-0.9589	54.09	45.75
Central Africa	14.8	2,973	-0.9875	58.94	47.12
Southern Africa	13.5	3,675	-0.2904	81.39	61.55
Caribbean	3	8,854	0.32	53.84	90.76
Pacific	1.2	5,413	-0.1083	77.96	82.97

Source: World Bank, UNDP and FERDI data. WGI averaged over six indicators, average EVI, HAI for regions.

The five largest NIP allocations are in Africa: Ethiopia (€745 million), Mozambique (€734 million), Tanzania (€626 million), Burkina Faso (€623 million) and DRC (€620 million).⁸⁰ All of these countries are LDCs.

Box 3 The five largest NIP allocations: similar amounts for different national realities

Ethiopia, which has a large population,⁸¹ ranks low on GNI (71st out of the 78 ACP EDF beneficiaries) as well as on the HAI (ranked 67th). There is thus a strong case for a high allocation on the basis of the needs criterion. Yet it does not have an extremely high economic vulnerability (ranked 25th on the EVI, with higher scores showing higher vulnerability) and is not one of the top performers in terms of governance (ranked 58th on governance indicators, with lower scores indicating worse performance). As a stable country in a volatile region, Ethiopia is also of geostrategic importance.

Mozambique, another LDC, like Ethiopia ranks relatively low on GNI (63rd) and the HAI (70th). It has a higher economic vulnerability (15th) compared with Ethiopia and performs slightly better in terms of governance, in relation to which it is ranked at mid-level (41st).

It is interesting to compare **Burkina Faso**, **Tanzania** and the **Democratic Republic of Congo**, since they receive similar EDF allocations. Both Burkina Faso and the DRC rank closely together and have similar scores on the HAI and the EVI. Yet the DRC has a much larger population and only about 60% of the per capita GNI of Burkina Faso, which ought to give it a higher allocation. Here the governance aspect seems important, as Burkina Faso has a much better governance performance than the DRC. Tanzania also has a similar EDF allocation to that of the DRC and Burkina Faso. Its need is less than that of both these countries, judging by the GNI per capita and HAI indicators. It has a similar score in terms of economic vulnerability. Yet it has one of the highest population shares (ranked 4th after the DRC). It has a similar WGI ranking to Burkina Faso (ranked just two places higher than Burkina Faso on governance).

⁸⁰ See full list in Annex 3.

⁸¹ Although Ethiopia has the second largest population of all ACP countries, the EDF allocation formula caps the population of all countries to avoid a strong skew towards countries with large populations.

Country	Population	GNI per capita (Atlas method, current USD), 2012	GNI ranking	HAI (2011)	HAI ranking	EVI (2011)	EVI ranking	Average WGI (2013)	WGI ranking
Ethiopia	94,100,756	420	71	38.641	67	64.78	25	-0.9108	58
Mozambique	25,833,752	540	63	35.192	70	78.38	15	-0.5192	41
Tanzania	49,253,126	780	56	48.089	58	63.27	34	-0.4529	38
Burkina Faso	16,934,839	690	58	25.901	75	58.25	38	-0.4895	40
DR of Congo	67,513,677	400	73	30.449	73	57.62	39	-1.5695	72

Source: World Bank, UNDP, FERDI data. WGI averaged over six indicators. See data sources for more details and data limitations.

Allocation per income category

The allocation formula reflected in NIP country allocations has resulted - according to the EU – in ‘a **consistent transfer of resources from upper middle-income countries to least developed countries**⁸² and **lower-income countries** as intended by the allocation formula. This does not come as a surprise, as the objective of transferring resources to these countries influenced the design of the model.⁸³

The 11th EDF thus continues the trend of differentiation away from MICs towards LDCs and LICs. Concentrating aid on countries that are most in need or where poverty seems most profound is a logical step in terms of reducing global inter-country inequalities.⁸⁴

The EU reported that differentiation under the 11th EDF in practice meant an increase in the **share of resources allocated to the least developed and low-income countries from 79.5% under the 10th EDF to about 85% under the 11th EDF**.⁸⁵ Reportedly, UMICs have seen their allocations fall from 5% to about 2% and HICs from about 0.3% to 0.1%.⁸⁶ As shown in **Table 3** the bulk of the resources available for NIPs goes to LDCs and non-LDC LICs, which host about 70% of the population of EDF beneficiary countries. A 12.4% share goes to non-LDC LMICs, hosting about 28% of the population.

Table 3 Distribution of 11th EDF bilateral A envelopes by income group

Income category	Distribution of 11th EDF	
	Amount (in € million)	%
LDC	12,250.80	80.80%
non-LDC/LIC	669	4.41%
non-LDC/LMIC	1,873.30	12.35%
non-LDC/UMIC	353.60	2.33%
HIC	16	0.11%
Total	15,162.70	100.00%

⁸² European Commission, 2014b: p. 8.

⁸³ There exist different classifications systems for classifying income groups. The World Bank divides countries into low-income (LIC), lower middle-income (LMIC), upper middle-income (UMIC) and high-income countries (HIC). The OECD, which was the main source for this paper unless specified otherwise, adds another group, i.e. the LDCs, based on the UNDP classification and taking a more balanced set of indicators into account. The LDC group encompasses all the various income groups, i.e. LICs, LMICs, UMICs and HICs. For further information, see Glennie and Hurley, 2014.

⁸⁴ ETTG, 2014.

⁸⁵ House of the Oireachta, 2014.

⁸⁶ UK Parliament, Third Special Report of Session 2012-2013 EU Development Assistance.

Some examples illustrate this shift away from upper middle-income countries (UMICs):

- As a UMIC, **Namibia** has seen its share of the EDF bilateral envelope decline by about 50% from the 9th to the 11th EDF (with an allocation of €73 million, representing a 1% share of the total, under the 9th EDF, €103 million or 0.8% under the 10th EDF, and €68 million⁸⁷ or 0.5% under the 11th EDF).
- **Mauritius** - again an UMIC – saw its share of total NIP allocations decline by about 80% from 0.5% under the 9th EDF (€33 million in current prices) to 0.1% (€9.9 million in current prices) under the 11th EDF.
- In the **Caribbean region**, greater differentiation has translated into a heavy cut in the allocation for NIPs in the region, actually prompting the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) to re-evaluate its long-standing partnership with the EU.⁸⁸

Many MICs that have seen resources decline under the 11th EDF are also small island developing states (SIDS) or landlocked developing countries⁸⁹ facing specific challenges and vulnerabilities, despite a higher level of income. These include remoteness, vulnerability to external shocks or susceptibility to natural disasters and environmental fragility (captured by the EVI) - more so than some LICs or LDCs. The EVI suggests that the following ACP countries have the highest economic vulnerability after Lesotho, an LDC: Swaziland, Botswana, Tonga, Fiji, Samoa. These are all non-LDC UMICs or LMICs. While the aid allocation formula is sensitive to these factors, exactly how much is not clear. The fact that many Pacific and Caribbean HICs and UMICs are also particularly vulnerable to environmental shocks seems to have justified their continued eligibility to EU aid⁹⁰ under the 11th EDF. As we will see in Chapter 6, there is a general tendency in the Caribbean and Pacific to focus on one single priority sector and this is often sustainable/renewable energy and energy efficiency, or climate change resilience.

If one looks more closely at how much ODA per person the various income groups receive on average, based on the ACP-EDF NIP allocations, there is in fact less of an obviously high concentration on the poorest countries. There is still a concentration on the LICs/LDCs, but it is not as marked. The LIC/LDC group has the highest median, at €38 per person, followed by the UMICs with a median of €35 per person and the LMICs with €34 per person. Taking the average as measure, the group of LICs/LDCs receive even less per person than the UMICs (i.e. €51 per person for LIC/LDCs compared with €68 per person for the UMICs and €53 for the LMICs). However, this is due to the small population size of some of the Caribbean and Pacific UMICs.

Within the group of LDCs, the allocation is skewed towards countries with a higher income. Under the 11th EDF national allocations, LDCs that are classified as LMICs under the World Bank classification receive a higher amount of allocated aid per person on average than LDCs classified by the World Bank as low-income countries. In the case of those countries with the lowest incomes (i.e. World Bank LICs), the allocation is balanced: within this group the half with the lowest GNI per capita income receives a similar average allocation per person to that of the half with higher income. Yet overall the EDF allocation does better in terms of concentration on the poorest countries (i.e. LDCs/LICs) than the global ODA distribution, which is still skewed towards relatively rich developing countries.⁹¹

Honouring the EU's commitment to poverty eradication enshrined in the Lisbon Treaty and achieving this goal by 2030 as envisaged by the SDGs may require both some fine-tuning and more nuanced indicators

⁸⁷ All allocations in current prices.

⁸⁸ CARICOM, 2013.

⁸⁹ See UN-OHRLLS website, UN Office of the High Representative for the Least Developed Countries, Landlocked and Developing Countries and Small Island Developing States.

⁹⁰ This argument has been used by Piebalgs to defend cooperation with the Caribbean countries. Graduating higher income countries from the EDF would have been complicated as the nature of the Cotonou Partnership Agreement made graduation dependent on ACP approval. At a hearing at the UK House of Commons in 2012, Piebalgs had the following to say about differentiation among income categories: 'But for the Caribbean I have a bit of a soft spot because the countries are vulnerable to two major challenges: climate change and natural disasters. It is the same with the Pacific. [...] They are vulnerable economies that in a way deserve some attention even if the income per capita is there' (House of Commons, 2012).

⁹¹ Greenhill, et al., 2015.

that take account of sub-national differences such as inequalities and help refine the role that ODA is able to play in the various country groups.

Chapter findings in a nutshell

Overall, the EDF is already poverty-focused, given the large number of LDCs and poorest countries covered by the EDF. The differentiated allocation of the 11th EDF national envelopes does follow through the Agenda for Change in terms of concentrating aid where it is most needed, continuing the trend of the 10th EDF. This has resulted in a transfer of resources from UMICs to LDCs and low-income countries: LDCs and LICs received a 79% share under 10th EDF and a 85% share under 11th EDF. If we look at aid allocation per person (based on the EDF national allocations), the picture that emerges indicates that the situation is not quite as clear-cut as it seems. Within the group of LDCs, for example, the allocation is slightly skewed towards LMICs compared with low-income countries.⁹²

In order to sharpen the focus on LDCs and LICs, the 11th EDF used an allocation formula that integrates a small set of indicators relating to needs, capacity and performance as well as a qualitative adjustment to account for political dimensions that are not easily captured in quantitative terms, such as absorption capacity and a country's political situation. Compared with the 10th EDF, the 11th EDF allocation formula increases objectiveness by using a more limited number of internationally acknowledged quantitative indicators. However, it may be less clear to the layman how the various indicators influence the allocation relative to each other. The decision to use a geometric model rather than a simple arithmetic weighting of the indicators makes it more difficult to see how much influence each indicator has over the allocation. While the qualitative adjustment leaves the necessary scope for taking account of country contexts, it also confirms that aid allocations are never purely scientific but that political considerations are likely to play a role.

⁹² There may be logical explanations for this, such as absorption capacities or other factors.

Chapter 4: EU interinstitutional dynamics in the programming process

This chapter briefly describes the programming process as laid down in the programming instructions. It then focuses on how institutional mandates translated into practice, and how these influenced the dynamics between the various EU actors involved, namely the European External Action Service (EEAS), the European Commission (EC), the Directorate-General for International Cooperation and Development (DG-DEVCO) and the European Union Delegations (EUDs).

The programming process by the book⁹³

The EU's programming instructions were compiled jointly by the EC and the EEAS, after internal consultations and a thorough analysis of previous programming exercises. The new set of instructions reflected the EU's new institutional structure for external action as created by the Lisbon Treaty, and aimed to ensure that the Agenda for Change's innovations and policy priorities were efficiently translated into practice. A further objective was to simplify the programming process by creating shorter and more succinct programming documents. EUDs are no longer required to prepare an extra Country Strategy Paper (CSP) on which to build National Indicative Programmes (NIPs).⁹⁴ Instead, wherever possible,⁹⁵ the existing national and regional policy documents form the point of departure and serve as the main basis for EU programming.⁹⁶ According to a member of DG-DEVCO management, 'CSPs have indeed become an exception, with only 10 countries (across all regions) having a specific CSP'.⁹⁷ The instructions were further simplified, with the dropping of the need for long technical annexes on topics such as migration or the environment. 'We managed to get very succinct programming instructions and succinct templates. We achieved a high level of standardisation,' the same high-ranking official said.

According to the programming instructions, the process consists of two phases (see Figure 4.1). In the first phase, EUDs take the lead in analysing the partner country's national development plan or strategy, assessing whether it could provide the basis for the programming of EU aid, and organising in-country consultations. Following consultation with relevant stakeholders, including the partner country's government, civil society organisations, member state representations and other donors, EUDs then submit a proposal containing the overall lines of the EU response to the country context (i.e. consisting primarily of a motivation for the provisional selection of priority sectors) to the relevant desk officers at DG-DEVCO and the EEAS in Brussels. Subsequently, HQ staff assess the proposals and engage in a dialogue with the EUDs (in the form of Country Team Meetings and videoconferences) so as to ensure that the EUD proposals are in line with the EU's overall external relations priorities, regional and thematic priorities and EU policy orientations. The final step is to instruct the EUDs to finalise the selection of priority sectors.

In the second phase, EUDs, in accordance with instructions provided jointly by the EEAS and DG-DEVCO, prepare a draft multiannual indicative programme (MIP). The MIP contains a proposal for the overall lines of the EU response, and includes a context and sector analysis and an explanation for the choice of sectors in which the EU is to engage in its development cooperation. The MIPs need to be approved in

⁹³ Based on Herrero, Galeazzi, and Krätke, 2013.

⁹⁴ This was indeed a requirement under the Cotonou Partnership Agreement. According to Annex IV on Implementation and Management Procedures, 'the country strategy paper (CSP) shall be prepared by the ACP State concerned and the EU. It shall draw from prior consultation with a wide range of actors including non-State actors, local authorities and, where relevant, ACP Parliaments, and shall draw on lessons learned and best practices. Each CSP shall be adapted to the needs and respond to the specific circumstances of each ACP State. The CSP shall be an instrument to prioritise activities and to build local ownership of cooperation programmes. Any divergences between the country's own analysis and that of the Community shall be noted' (European Union/ACP Group, 2010).

⁹⁵ A concise CSP is still required even if the country in question does not have a suitable development plan or strategy (due to a lack of technical expertise, a total disconnect from EU priorities or the pursuit of non-ODA eligible priorities such as military spending).

⁹⁶ This also follows from the Aid Effectiveness Agenda, which emphasises the principle of ownership as well as the autonomy and legitimacy of partner countries' own systems and frameworks.

⁹⁷ Interviewed in December 2014.

accordance with the EU's committee procedure, known as 'comitology',⁹⁸ and upon the adoption of the necessary legal instruments.

In reality, a highly unpredictable process

Even though preparations for the programming process started as early as February 2012, the programming instructions from HQ to the EUDs were not sent until May 2012. In some instances, the preparation of joint instructions by the EEAS and DG-DEVCO were instrumental in delaying the process.⁹⁹ Whereas the programming instructions had set clear landmarks, the EUDs experienced unrealistic deadlines, unclear reporting requirements and blurred lines of communication with HQs (i.e. DG-DEVCO and the EEAS). Several EUD interviewees complained that their limited resources for conducting meaningful multi-stakeholder consultations and context analysis were drained by additional instructions added along the way. For instance, EUDs were requested to send preliminary indicators (to feed into the new results framework, see chapter 7) before they had even chosen their priority sectors. A senior EUD official reported in July 2013 that 'DEVCO has requested additional documents (detailed templates for specific sectors) not required by the instructions'. A senior EEAS official confirmed this information in an interview in March 2015: 'This unpredictability led to a profound sense of confusion among EUDs and frustration that the programming instructions were not being applied.'

EUDs received a second set of instructions at the end of May 2013. This coincided with the drawn-out negotiation of the MFF, which also affected the EDF. Although an overall agreement on the MFF and the final budget for the 11th EDF was reached on February 2013, the legislative negotiations between the European Parliament (EP), the European Council and the European Commission (EC) when the EP asked to be more closely involved in the programming exercise.¹⁰⁰ As the EP, the Council and the EC were unable to agree on the Financial Regulations, there was no formal legal basis for the programming process.¹⁰¹

In response to this institutional bottleneck, DG-DEVCO and the EEAS designed 'mitigation measures' to counteract the risk of further delaying the programming process. HQ gave priority to accelerating the strategic dialogue with the European Parliament and to preparing the format and calendar for the adoption of MIPs in order to hit the ground running once agreement had been reached with the European Parliament. The EUDs were instructed to consult partner countries and other stakeholders without delay,

⁹⁸ The 'committee procedure' is the way in which the Commission exercises the implementing powers conferred on it by the EU legislator, with the assistance of committees. Simply put, the Commission's committees are dialogue fora chaired by the Commission and composed of representatives of the member states. These Committees give an opinion on draft implementing measures proposed by the Commission before they are adopted. The European Parliament and the Council have a general right of information as regards the activities of the Committees, as well as a right to scrutinise the draft implementing acts based on legislation decided jointly by the Parliament and Council. However, only the member states have a role to play in controlling how the EC exercises its implementing powers. Member states are formally engaged in the EU aid programming process through a committee. Although the formal adoption of EU aid by member states comes at the end of the process, member states have significant influence over the content of EU aid programmes (identification and formulation) thanks to their participation in the Committee. See Herrero, Galeazzi, and Krätke, 2013.

⁹⁹ See Herrero, Galeazzi, and Krätke, 2013.

¹⁰⁰ The EP's initial negotiating position was to turn the adoption of Multi-Annual Indicative Programmes into the legislator's competence, and to request 'delegated acts' for each programming document under all instruments. The position softened thereafter, as the EP was ready to consider a list of countries with a short description of allocations and sectors for the European Neighbourhood and Partnership Instrument (ENPI) and the DCI. Discussions also included the issue of whether delegated acts should apply only to the technical annexes to implementing regulations for financial instruments (See Herrero, Galeazzi, and Krätke, 2013).

¹⁰¹ As we described in our Briefing Note 54 (Herrero, Galeazzi, and Krätke, 2013), the European Parliament would have liked to turn the choice of priority sectors and the adoption of multi-annual programming documents into a competence of the co-legislators, to be eventually given to the European Commission as 'delegated acts'. The EC and the Council maintained that a balance had to be found between democratic oversight and operational effectiveness. Against this background, the Council refused any proposal to modify the 'committee procedure' to include the EP. The EP regarded this as an affront to its powers to oversee all aspects of EU external action. Both parties were also concerned, however, that a continued delay in the negotiations would undermine their image. In the case of the DCI (which is covered by the EU budget), a compromise position was found with the approval of the new Regulation on the DCI in December 2013. In the case of the EDF (regulated outside the EU's budget), the EP's competences are more limited due to the intergovernmental nature of the EDF. The EP does not play a prominent role in setting the EDF budget, its allocation and in monitoring its implementation.

but only informally and at a technical level. To this end, the EEAS and DG-DEVCO gave the EUDs a preliminary indication of the allocation range. This allowed the EUDs to frame discussions with the National Authorising Officers (NAOs) and inform the drafting of the National Indicative Programmes (NIPs). EUD staff reported being ‘uncomfortable’ with programming discussions taking place unofficially, as they worried about being discredited if any changes occurred after allocations became official.¹⁰² **Figure 4.1** provides useful information on the two phases and the key landmarks of the programming process.

As a second mitigation measure, the Financial Regulations for the 11th EDF also included a ‘**Bridging Facility**’ (BF),¹⁰³ aimed at ensuring the continuity of bilateral aid between January 2014 and the entry into force of the 11th EDF.¹⁰⁴ Under the Council decision establishing the Facility, which was adopted in December 2013, the Bridging Facility was to be funded by de-committed funds from the 8th and 9th EDFs, plus uncommitted funds from the 10th EDF (as of 31 December 2013), and de-committed funds after this date. The Bridging Facility contained only limited funds (i.e. about €1.40 billion), which meant that only priority needs were covered. A senior EUD official reported that the Facility was not agile enough to fund emergency action in a timely manner. Survey respondents were asked to identify the advantages and disadvantages of the Bridging Facility. **Table 4** below gives a summary of their responses.

Table 4 Advantages and disadvantages of the Bridging Facility according to EUD staff

Advantages of the BF	Disadvantages of the BF
<p>Quick response, continuity, flexibility Positive message to partner countries that programming will start soon. Priority activities can be carried forward, without waiting for the EDF to be ratified. Early access to funds. Funds quickly available. Finance short-term needs and fill the gap. Flexibility in addressing gaps between programming periods. Ensure continuity (particularly in technical assistance). Allow state building contract to take place before 11th EDF was signed, and include two programmes in B envelope without reducing A envelope.</p>	<p>Unpredictability No visibility. Lack of funds. Uncertainty about level of funding. Unclear process for country allocation: this changed several times, including last-minute changes. Funds came in late or were never available. Going for quick disbursements. Projects were formulated before the NIP was finalised. Poor programming basis: first come, first served. Lack of forward thinking in Brussels.</p> <p>Cumbersome Inflexibility in terms of projects and amounts. Squeezing of decision-making process, with priority for projects in an advanced stage of formulation. Discussions on access were labour-intensive and time-consuming. Extra preparatory work. Priority decision process by HQ led to unpredictability. Too much pressure from HQ in decision-making. Due to the Ebola epidemic, none of our projects were retained. At times slow and cumbersome process in releasing committed funds.</p> <p>Lack of information No clear guidance. Not well known in the country. Not clear what everyone should do.</p>

Source: EUD survey

¹⁰² See Herrero, Galeazzi and Krätke, 2013.

¹⁰³ European Union, 2013b.

¹⁰⁴ See European Union, 2014.

EEAS and DG-DEVCO mandates in practice: not always an easy ride

As we have already described, EU programming is a shared responsibility between the EEAS and DG-DEVCO. Although the EEAS is responsible for coordination and strategy development, neither body can act without the other's consent and both have clear reporting requirements to the Commissioner for International Cooperation and Development. The EEAS and the Commission have agreed detailed working arrangements for cooperation on instructions and the management of the workload for EUDs. According to the EEAS Review,¹⁰⁵ the current arrangements between the EEAS and DG-DEVCO work well, mainly because of the good, close working relations between the former HR/VP and her former colleagues in the Cabinet of Commissioners. However, the Review also notes that 'the division of responsibilities is potentially unclear and should be clarified'.

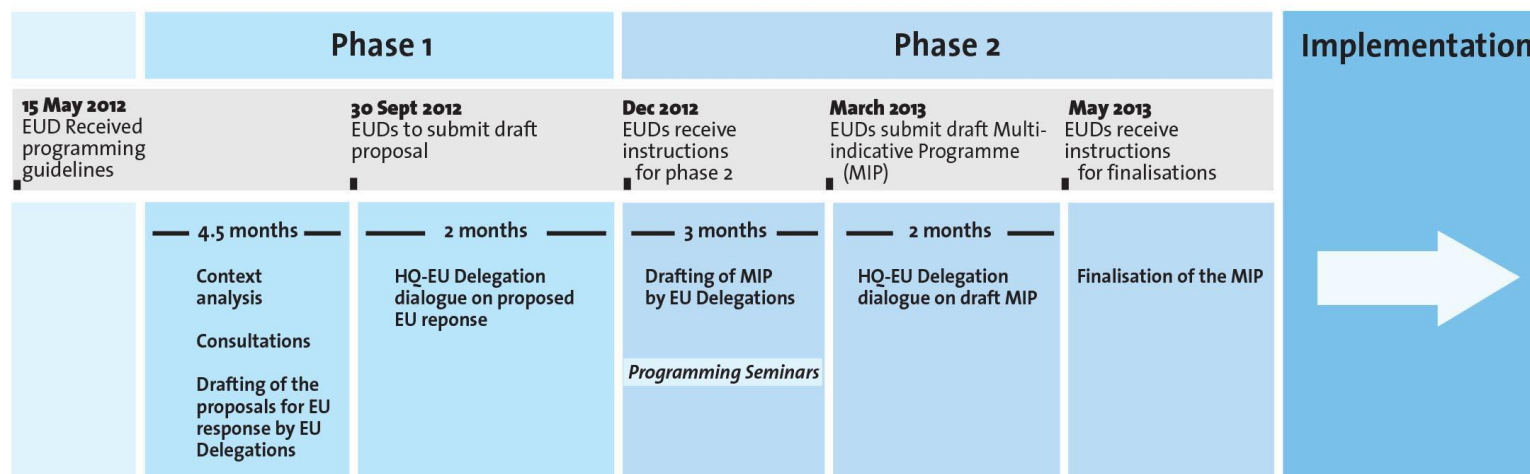
Our analysis supports the Review's finding that these arrangements are working well, in the sense that EUDs regularly make use of the flexibility built into the working arrangements between the EEAS and the Commission that allow Commission staff at the EUDs to support the EEAS's political activities. There seemed to be some confusion among our interviewees about the amount of time that DG-DEVCO staff (operating in EUDs) were able to spend on EEAS tasks. A senior management at HQ confirmed that this applied only to official staff, for a maximum period of 3 months.

Nevertheless, there is still a lot of confusion about the EEAS's role, particularly among partner countries. Not only is the presence of EEAS representatives in the programming process and at meetings seen as a multiplication of the number of interlocutors, their interests are also not immediately clear.

¹⁰⁵ EEAS, 2013.

Figure 3 Key landmarks in the programming process: planned vs. real

Programming process 'by the book'



The 11th EDF programming process in reality



A number of EUD interviewees also referred to the DG-DEVCO/EEAS divide as ‘uncomfortable’. Despite the written working arrangements, institutional actors had to find their marks in putting their mandates into practice. At times, this meant that ‘things moved more slowly due to conflicting views and additional interinstitutional discussions, making the whole programming process time-consuming’. Another interviewee pointed out that ‘there was a lot of unnecessary conflict, waste of time and digressions from what we have to do’. Finally, a member of EUD staff told us that ‘there were obvious and quite embarrassing disagreements between the EEAS and DG-DEVCO about the right direction to take. They did not do well in terms of bringing a unified viewpoint to the Delegation’.

Box 4 The role of the EEAS in the programming process

It is beyond the remit of this paper to thoroughly assess the role of the EEAS in the programming process in all EUDs. Our research suggests that, overall, EEAS engagement in programming was severely curtailed by the **initial lack of resources for implementing its mandate**. According to an EEAS staff member, ‘the Council decision was not fair, as it assigned responsibilities to the EEAS without the service having the resources to discharge them’.¹⁰⁶ A senior EEAS staff member told us that ‘the Service was not well-articulated when the programming process started. As the programming process went on, the importance of EEAS engagement became more visible in terms of plotting a course’.¹⁰⁷ He went on to claim that the EEAS ‘did not grasp the political opportunity presented by the programming process to ensure that EU cooperation fits into an overall [EU] strategy for each country. This was the main idea behind the whole institutional division of tasks, but it got a bit lost [...] We were bogged down by institutional and procedural issues.’¹⁰⁸

The evidence indicates that the EEAS’s role and engagement steadily increased over time, as the initial problem of a lack of resources and capacity was progressively resolved as posts were filled, although a Head of Cooperation interviewed for this study reported that ‘the EEAS was more involved at the beginning of the process and in country analyses, but they were not much associated with the choice of sectors.’

Our interviews revealed the following situations with regard to the role played by the EEAS:

- **The EEAS showed leadership and was effective in formulating priorities** of political relevance to wider EU foreign policy and that respond to global development challenges. According to a national diplomat working in the EEAS, the service ‘has stronger views on countries affected by conflict, fragile countries and countries where there are human rights issues’.¹⁰⁹
- **The Head of Delegation entrusted the drafting of the EC’s initial response exclusively to the Political Section.** This meant that Operations Sections were excluded from the drafting process.
- **The EEAS was fairly invisible** and unable to fulfil its role or appeared detached from the programming process. Initial capacity constraints at the EEAS and national diplomats’ relative lack of experience with EC procedures and programming culture meant that Operations Sections accounted for the lion’s share of the programming process.

The EEAS’s interest and strategic involvement in programming seems to have been more constant at HQ level. The EEAS took the lead in **ensuring comprehensiveness and coherence**, with regard to complementarity between bilateral, regional and thematic programming and in commenting on response strategy proposals from the EUDs, before discussions started on sector choices.

As we will see later in the paper, on certain occasions, the **EEAS intervened to counterbalance DG-DEVCO’s rigid interpretation of the sector concentration principle in several geostrategic countries**, where DG-DEVCO’s views clashed with partner countries’ demands and the original sector choices of the EUDs.

We have not been able to gather much information on how these EU interinstitutional issues influenced relations with ACP countries. A Head of Section interviewed for this study¹¹⁰ reported that ‘delays in the whole process were partly due to the MFF issue, but were also caused by HQ. This had to be explained to our partners, we had meetings with the NAOs but no major tensions occurred.’

¹⁰⁶ Interview with senior EEAS HQ official, February 2015.

¹⁰⁷ Interview with senior EEAS HQ official, March 2015.

¹⁰⁸ Interview with senior EEAS HQ official, March 2015.

¹⁰⁹ Interview with national diplomat from EU member state working for EEAS, February 2015.

¹¹⁰ Interview with Head of Section, June 2013.

Chapter findings in a nutshell

The programming process was more cumbersome than originally intended. One of the reasons for this was the delay in reaching an agreement during the MFF negotiations; another was the European Parliament's request to be more closely involved in the programming exercise. DG-DEVCO devised mitigation measures and instructed EUDs to kick-start the programming process, even if country allocations were not official. This created some nervousness among EUDs.

Another reason was that the EEAS and DG-DEVCO had to find their feet in putting their new mandates into practice. At times, this meant that the process moved more slowly than expected and that the division of responsibilities was not always clear. In general, the EEAS did not invest many resources in ensuring that EU programming was more political. This meant that DG-DEVCO accounted for the lion's share of the programming process in many countries, in terms of analysis and writing. This was partly because the EEAS lacked resources in its early days, but was also because national diplomats staffing the EEAS may have been disconnected from development cooperation and EC procedures. EEAS engagement in programming was more constant at HQ, where the Service took the lead in ensuring a high degree of complementarity between bilateral, regional and thematic programming. EEAS interest was more prominent in fragile, conflict-affected countries and those countries confronted with major human rights problems.

Chapter 5: How well does the 11th EDF reflect the policy priorities set by the Agenda for Change (with 75% of funds scrutinised)?

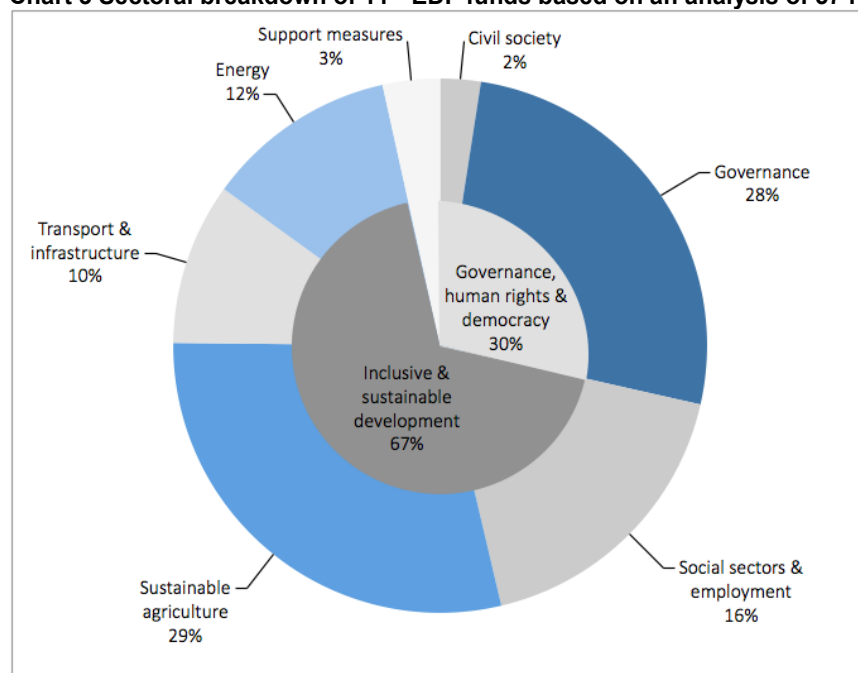
In order to understand how EU development policy is actually translated into practice, we need to study the details. Using a sample of the 57 National Indicative Programmes publicly available at the time of writing,¹¹¹ this chapter analyses how EU policy priorities are reflected in the programming choices made for 11th EDF. The funds allocated in these 57 NIPs represent 74.6% (€11,317.80 million)¹¹² of the overall national allocations according to our aggregated data (€15,162.70 million).

The programming instructions prescribe the concentration of EU assistance in a **maximum of three sectors**, with priority given to the two policy areas referred to in the Agenda for Change:

- 1) inclusive and sustainable growth;
- 2) governance, human rights and democracy.

The overall sectoral distribution of our NIP sample indicates that nearly **70% of funds are to support sectors that contribute to inclusive and sustainable growth**. The remaining 30% of funds (roughly) are intended to support governance.

Chart 3 Sectoral breakdown of 11th EDF funds based on an analysis of 57 NIPs



Source: NIP sample (see Annex 5)

We have clustered interventions focusing on (sustainable) agriculture, food security, nutrition, rural development under the generic heading of 'agriculture'. Interventions focusing on health, education, water and sanitation, social protection and employment are grouped together under the heading of 'social sectors and employment'. We are aware that the EC has a different way of categorising EU spending per sector. For instance, the EC considers nutrition interventions as social transfers, falling under 'human development'.

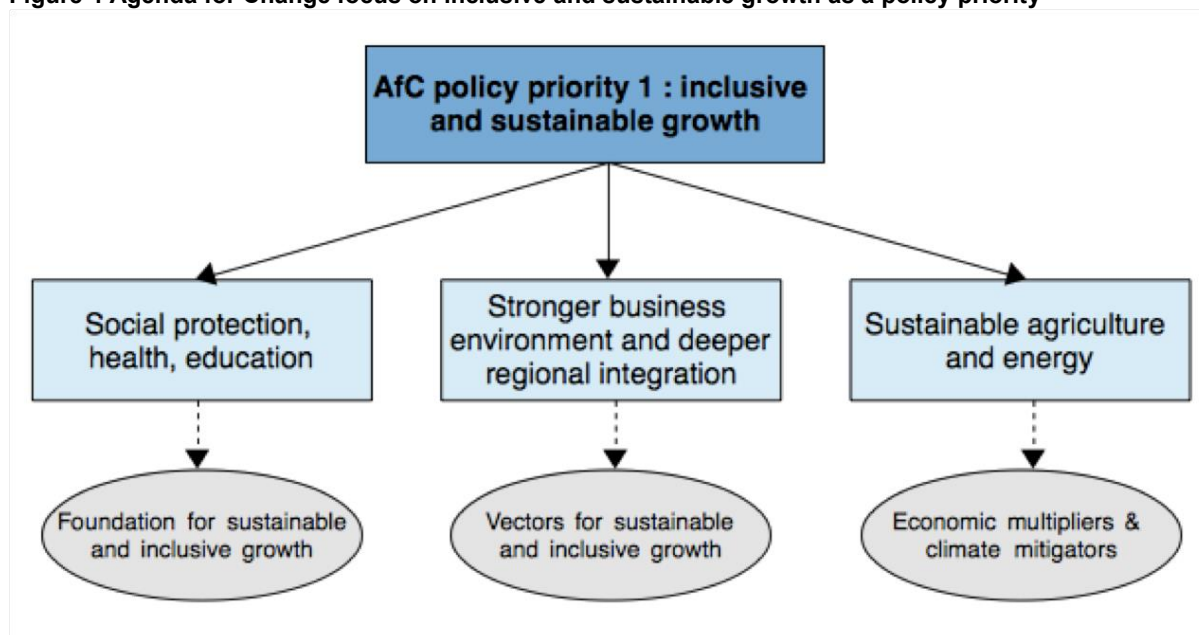
¹¹¹ We analysed the 57 NIPs currently available in the public domain at the time of writing. Annex 3 includes tables listing the countries included in the analysis, their total national indicative allocations as well as the indicative sector allocations.

¹¹² Of which €11,170.80 million is sector-specific.

And the two winner sectors are: sustainable agriculture and energy!

The programming of the 11th EDF prioritises the ‘sustainable agriculture’ and ‘energy’ sectors, in line with the rationale given by the Agenda for Change that they ‘have a strong multiplier effect on development countries’ economies and contribute to environmental protection, climate change and adaptation’. In our NIP sample, the two sectors combined amount to €4,512.78 million (out of a total of €11,317.80 million in national allocations, of which €11,170.80 million is sector-specific). This represents nearly 41% of 11th EDF funds allocated to sectors, with the largest share going to agriculture (29% or €3,221.65 million).

Figure 4 Agenda for Change focus on inclusive and sustainable growth as a policy priority



Support for sustainable agriculture: a multi-sectoral approach

Within our 57 NIP sample, support for ‘sustainable agriculture’ (here including rural development, food security and environmental protection) amounts to €3,221.65 million (or 29% of the NIP sample), spread over 31 countries.¹¹³ This is a massive increase, in the knowledge that ‘agriculture, rural development and food security’ accounted for 8% of the NIP sectoral breakdown in the 10th EDF Performance Review.¹¹⁴ The top three spenders on ‘sustainable agriculture’ are **Chad**, with €350 million (split between two sectors, i.e. ‘natural resource management’, which has been allocated €53 million, and ‘food security, nutrition and rural development’, for which the allocation is €297 million), **Ethiopia**, with €252.40 million allocated to ‘sustainable agriculture and food security’, followed by **Burkina Faso**, which allocates €190 million to ‘food and nutrition security, sustainable agriculture and water’.

The Agenda for Change prescribes support for ‘sustainable practices, including the safeguarding of ecosystem services, giving priority to locally-developed practices and focusing on smallholder agriculture and rural livelihoods, formation of producer groups, the supply and marketing chain, and government efforts to facilitate responsible private investment.’ It also notes that the EU will seek to ‘strengthen nutritional standards, food security governance and reducing food price volatility at international level’.¹¹⁵

These policy priorities are very clearly reflected by sector objectives. There is a great convergence in the NIPs’ specific objectives. 65% of NIPs (out of 31) focus on food security, 52% focus on nutrition and 42% cite support for livelihood diversification. 61% of NIPs focus on agricultural production and 55% on markets

¹¹³ Chad’s NIP lists two sectors as falling under support for sustainable agriculture: ‘natural resource management’ and ‘food security and climate change’. This means that there are 32 priority sectors supporting sustainable agriculture in 31 different countries.

¹¹⁴ Council of the European Union, 2011.

¹¹⁵ European Commission, 2011b: p. 9.

and value chains. Almost 60% of interventions focus on smallholders and other vulnerable groups. Nearly 60% mention sustainable agriculture and 58% natural resource management. Finally, 42% mention support for rural infrastructure, while 24% specifically identify support for rural roads.

This convergence in objectives is also explained by the multi-sectoral approach followed by most NIPs that support food security, rural development, and sustainable agriculture. Most NIPs combine at least two 'sectors'¹¹⁶ under one and the same 'sector heading'. Although this is somewhat in contradiction with the programming instructions, which require sectors to be defined as narrowly as possible, it is in line with the EU's strategic framework on food security,¹¹⁷ which the programming instructions cite as a key reference. The EU strategic framework on food security advocates a multi-sectoral approach¹¹⁸ and points to the need to intervene in multiple sectors (i.e. health, nutrition, transport, education, value chains, natural resource management, agricultural production, etc.) in order to achieve results. Such a multi-sector approach to food security is also in line with the OECD/DAC Creditor Reporting System (CRS) purpose codes,¹¹⁹ which place rural development and environmental management in the 'multi-sector/cross-cutting category'.¹²⁰

Skyrocketing support for the energy sector

There is a strong case for investing in energy. Energy investment is in line with UN Secretary-General Ban Ki Moon's vision statement on 'Sustainable Energy for All': 'To defeat poverty and save the planet, we can – and must – achieve sustainable energy for all by the year 2030. Reaching this goal will require action by all countries and all sectors to shape the policy and investment decisions needed for a brighter energy future'.¹²¹ As the European Report on Development 2015 (ERD) points out, 'while limited access to energy is a key constraint for economic development in most LICs, the failure to deploy green energy sources hinders sustainable development in all countries'. Lack of finance, wrong market incentives and the absence of complementary policies hamper the development and adoption of green growth strategies and technologies. At the same time, the demand for energy is set to rise in line with population growth and the burgeoning middle-income classes. There is a risk that 'rapidly growing economies, governments and public bodies may come under pressure to invest in low-risk and low-cost projects in order to meet the rising demand for energy, and give less priority to or even neglect long-term investments in innovative and green-energy technologies'.¹²² This said, several interviewees believed that ex-Commissioner Piebalgs' previous post as Commissioner for Energy explained his 'personal preference' for supporting energy in programming choices.

The EU's support for the energy sector has increased dramatically since the 9th EDF, when EU support for energy was almost non-existent. Under the 10th EDF, a total of €145 million was allocated to the energy sector across 16 countries¹²³ that chose energy as a focal sector.¹²⁴ In the 11th EDF, while there is a slight increase in the number of countries that focus on energy (19 countries in our sample of 57 NIPs), there is a

¹¹⁶ NIPs make different combinations when naming their focal sector. Eight combine 'agriculture and food security', three NIPs combine 'rural development and food security', three NIPs combine 'food Security and climate change', and three NIPs combine at least three of these sectors (see Annex 3). A more detailed analysis based on NIP objectives reveals further overlaps between these sub-sectors as they are closely interrelated.

¹¹⁷ European Commission, 2010a.

¹¹⁸ The EU's strategic framework on food security's multi-sectoral approach is based on four pillars: 1) the availability of food products (i.e. sustainable agri-food chain, intensification of agricultural production, and the development of international trade and regional integration, support for smallholder farmers); 2) access to food (i.e. employment, increasing income and social mechanisms for income compensation, including in times of crisis); 3) the nutritional value of food intake, particularly for pregnant and lactating women and children under five (i.e. training and education actions, as well as greater agricultural diversification); 4) crisis prevention and management (i.e. implementing Linking Relief, Rehabilitation and Development (LRRD) and Disaster Risk Reduction (DRR) strategies, contributing to regional integration and tackling price volatility (through production increases and stable food stocks)). See European Commission, 2010a.

¹¹⁹ OECD website, Purpose codes: sector classification.

¹²⁰ Although the focal sector in Somalia's NIP, for example, is 'sustainable agriculture', the specific objectives indicate that the intervention will embrace five different sub-sectors: 1. natural resource management; 2. agricultural production; 3. fisheries; 4. local economic development; and 5. infrastructure rehabilitation. These are quite distinct fields each requiring specific expertise if a narrow sector definition is used.

¹²¹ Ban, 2011.

¹²² European Report on Development, 2015: p. 259.

¹²³ Eight countries in sub-Saharan Africa and eight in the Pacific. See Costa, 2008.

¹²⁴ Costa, 2008.

dramatic increase in financial terms, with over €1,291 million allocated to the energy sector (in our sample of 57 NIPs alone).

The top three spenders on energy are **Zambia** (with €244 million allocated to 'improved access to clean, reliable and affordable energy for all'), **Rwanda** (with €200 million allocated to 'sustainable energy') and **Tanzania** (with €180 million to support energy, including an infrastructure component).

An analysis of the general and specific objectives of energy sector interventions reveals that policy objectives are closely aligned with the objectives identified in 'Sustainable Energy for All':¹²⁵ a majority of interventions (84% of NIPs focus on energy) are geared to improving energy efficiency and nearly 80% support renewable energy. A closer look at the general and specific objectives indicates that, in nearly 50% of cases, the EC intends to support an enabling environment for energy and sector governance, and that 52% of these NIPs emphasise support for vulnerable populations.

Does the 11th EDF support a comprehensive approach to human development?

The Agenda for Change singles out the importance of supporting sector reforms that increase access to high-quality health and education services, while building links to the employment agenda and social protection. In the Council Conclusions of 14 May 2012 on the Agenda for Change, the EU committed itself to ensuring that 'support for social inclusion and human development will continue through at least 20% of EU aid'.¹²⁶ This includes actions relating to social protection, health, education and support for sustainable agriculture and energy.¹²⁷

Our analysis of the 57 NIPs indicates that 16% of funds (a total of €1,786.23 million) are to be spent on social sectors and basic services, including health, education, water and sanitation,¹²⁸ social protection and employment. It is, however, interesting to note that just over 50% of the NIPs in the sample (i.e. 29 out of 57)¹²⁹ concentrate on at least one social sector. This suggests that social sectors are less of a priority than productive sectors.

The top spenders on social sectors are **Nigeria** (with €240 million allocated to 'health, nutrition and social protection'), **Ethiopia** (with €200 million allocated to 'health') and the **DRC** (with €150 million allocated to 'health' as part of an LRRD approach). **Chart 4** below shows the allocation of 11th EDF funding to the various social sectors.

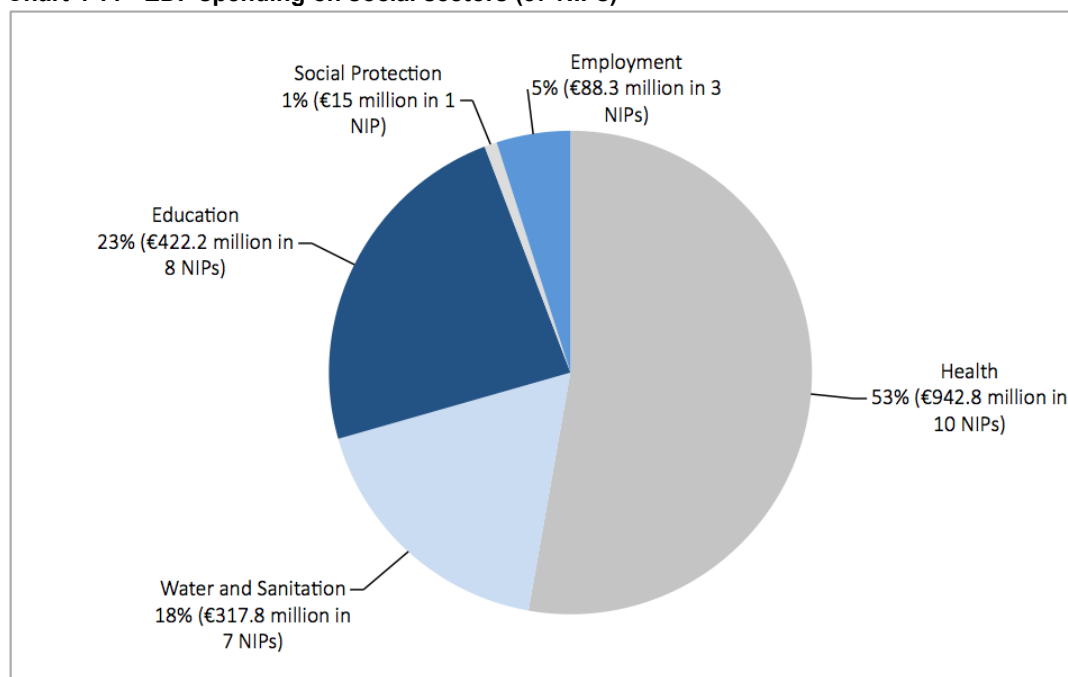
¹²⁵ The objectives of Sustainable Energy for All are 1) ensuring universal access to modern energy services; 2) doubling the rate of improvement in energy efficiency; 3) doubling the share of renewable energy in the global mix.

¹²⁶ This commitment stems from the pledge made at the UN World Summit for Social Development (Copenhagen, March 1995) to target 20% of aid at basic social services. Since 2002, the EU has introduced a series of benchmarks for supporting the social infrastructure, with an emphasis on basic education and basic health. The current Financial Regulation for the Development Cooperation Instrument (DCI) commits the EU to a 25% benchmark for the thematic programme on social inclusion and human development; and to devoting 20% of the entire instrument to health and education. The EDF does not have a similar target in social sectors or basic services, but is aligned to the benchmark set by the Agenda for Change under which 20% of resources should be devoted to human development. This is also reflected in the programming instructions. See EEPA, 2009 and European Commission, 2013c.

¹²⁷ CONCORD regretted that the commitment to the 20% benchmark in human development was only reflected as a general principle, with no effective prioritization of basic social services and recommended allocating 20% of 11th EDF geographic and thematic programmes to the provision of health and basic education. See CONCORD, 2013).

¹²⁸ Water and sanitation are considered to be part of the social infrastructure and a component of public health. Even though this sub-sector is not pinpointed by the Agenda for Change (along with health, education and social protection), we have nonetheless decided to integrate it under this heading.

¹²⁹ The Republic of Guinea identifies 'health' and 'sanitation' as two separate priority sectors. This means that social sectors are prioritised in 29 separate focal sectors, spread over 28 countries.

Chart 4 11th EDF spending on social sectors (57 NIPs)

Source: NIP sample (see Annex 5)

Judging purely by the number of NIPs, the distribution over health, education, and water and sanitation is relatively even, with the above sectors figuring in 10, 8 and 7 NIPs respectively.¹³⁰ However, if we look at the financial allocations per sector, we see that health attracts over half of the funds allocated to social sectors (a total of €942.80 million), followed by education, which attracts 24% of funds (€422.25 million).

Health: the top-priority social sector

The Agenda for Change states that ‘the EU should take action to develop and strengthen health systems, reduce inequalities in access to health services, promote policy coherence and increase protection against global health threats so as to improve health outcomes for all.’¹³¹ Health is the social sector that receives the largest allocation of funds (53%).¹³² Yet it is identified as a focal sector by just 10 of the 57 countries in the sample. Most countries (eight out of ten) with health as a focal sector focus on governance and improving institutional capacity in the national health systems. In Nigeria, the NIP clusters ‘health, nutrition and resilience’ and in DRC Health is linked to ‘Linking Relief Rehabilitation and Development (LRRD)’ and targets zones of EU humanitarian interventions. In Burundi, the health sector includes objectives relating to safe drinking water and sanitation and that one objective in Belize’s NIP mentions disaster-resilient health infrastructure. These examples illustrate the inevitable crossovers between health and other sectors.

Support for employment

Most countries with a focus on education include a component **on vocational and professional training**. Three countries, viz. Botswana, Gabon and the Dominican Republic, combine their support for education with employment. This reflects both definition of inclusive growth given in the Agenda for Change, i.e. ‘characterised by people’s ability to participate and benefit from wealth and job creation’ and the EC’s call for the EU to support ‘quality education to give young people the knowledge and skills to be active members of an evolving society’, with support for ‘vocational training for employability’. The NIP in Ghana

¹³⁰ With regard to social protection, the NIPs for Nigeria and Ghana both include a component geared to social protection. For simplification purposes, and given that the NIP does not define the financial split across the multiple sectors included under the same heading for both Nigeria and Ghana, we have included Nigeria in the health sector and Ghana in the employment sector.

¹³¹ European Commission, 2011b.

¹³² In financial terms, support for health is stable compared with the 10th EDF, where it received 3.30% of funds according to the 10th EDF Performance Review.

combines support for the employment sector (with a focus on women, small and medium-sized enterprises (SMEs) and the informal sector) with support for **social protection**.

The 11th EDF's support for agriculture is also geared primarily to employment, with 19 NIPs (out of 31) focusing on **agricultural production**, 13 focusing on supporting **livelihoods**, and five focusing on **local economic development**. Only one NIP (St. Lucia) has a specific focal sector in employment generation through **private sector development**, while Trinidad and Tobago support an **innovative and competitive economy**.

Social protection: the forgotten sector?

The Agenda for Change singles out social protection as a key sector in the reduction of poverty. Indeed, social protection is a critical determinant in tackling chronic poverty, preventing impoverishment and sustaining the escape from extreme poverty, by reducing the risk of and vulnerability to short-term shocks,¹³³ such as climate related hazards. The OECD recognises social protection as an 'essential investment that contributes to economic growth and makes growth more pro-poor while directly reducing poverty'.¹³⁴ The EC itself has an ambitious policy on supporting social protection in developing countries.¹³⁵ Surprisingly enough, social protection is relatively neglected by the 11th EDF. Only the NIP for **Swaziland** identifies social protection as a single focal sector (with an allocation of €15 million). This said, social protection is also mentioned in the objectives of the health sector in **Nigeria's** NIP and in the employment sector in the NIP for **Ghana**.¹³⁶ Five NIPs focus on nutrition, providing for social transfers to address food insecurity and improve nutritional adequacy. Social protection (and social transfers) may thus appear in other sectors, making it impossible to estimate the total funds allocated to social protection as a sector in the 11th EDF on the sole basis of the information given in NIPs.

The main novelty in the 11th EDF: a blanket decision to pull out of transport

The transport sector in ACP countries has traditionally been a top priority for the EC. The 9th EDF allocated 30% of funds to the transport sector, and although this decreased to just below 25% under the 10th EDF, 30 countries retained the transport infrastructure as a priority.¹³⁷ Our sample reveals that allocations to transport have fallen dramatically, with only 10% of funds allocated to this sector (a total of €1,095 million) and with only 10 NIPs identifying transport as one of their priorities.

This drastic pull out from transport stems directly from DG-DEVCO management. EUDs were instructed to carefully assess any intervention in the transport infrastructure and to withdraw from the sector under the 11th EDF. According to DG-DEVCO management, transport investments had a low multiplier effect on development, as compared with the Agenda for Change priority sectors. DG-DEVCO management also claimed that supporting the transport sector led to corruption and maintenance problems, indirectly supported Chinese interests¹³⁸ and created aid management problems (including the fact that EC support for the transport sector was predominantly grant-based, with a low disbursement capacity, and required long and intensive use of human resources during planning and implementation). However, transport still features prominently in regional programming,¹³⁹ although several NAOs interviewed said that RIP funds were insufficient to meet the needs in terms of infrastructure.

The top spender on transport and infrastructure is **Uganda**, with €230 million allocated to 'transport infrastructures', followed by **Kenya**, with €175 million allocated to 'sustainable infrastructure'. However, in certain cases transport has been integrated with other priority sectors. For instance, the NIPs for **Tanzania** and **Ghana** include the improvement of rural/feeder roads in the agriculture priority sector. The **Kenyan** NIP identifies sustainable infrastructure, including both energy and transport. In the case of **Ethiopia**, the

¹³³ CPAN, 2014.

¹³⁴ OECD, 2009.

¹³⁵ European Commission, 2012e.

¹³⁶ In the NIP for Sierra Leone, the 'rural development' sector also mentions 'social transfers to the most vulnerable populations'.

¹³⁷ See European Commission, 2010b: Chapter 3.

¹³⁸ One of our interviewees (December 2015) said that 'if giving contracts to China means that a government can have better value for money, who is the EU to say that this is not right? Is this our understanding of country ownership and aid efficiency?'

¹³⁹ It is beyond the remit of this paper to look into regional programming and complementarity.

NIP has a 'phase-out transport' and a 'phase-in energy' solution. The NIP for **Niger** pays some attention to the transport sector in isolated regions affected by conflict (within a fourth sector, as it is a fragile country).

By analysing the specific objectives of transport interventions (our sample contains ten NIPs), we see that EC support for the transport sector remains predominantly geared towards supporting works, i.e. eight out of ten NIPs focus on the construction of new and the rehabilitation of existing infrastructure, 40% include support for maintenance, and 30% support for rural roads. See below for an analysis of EC support for rural development. However, the majority of NIPs supporting transport go beyond investments in infrastructure and support governance in the sector, through 'sector policy reform' (60% of NIPs), 'improved road management' (50%) and 'road safety' (40%). Concerning the inclusion of regional integration in the EU's bilateral cooperation, it is interesting to see that many NIPs focusing on the transport sector also associate this with fostering regional integration (this is cited as an objective by 50% of the NIPs with a focus on transport).

Engaging with and supporting the private sector

One of the priorities put forward by the Agenda for Change is supporting the development of an enabling business environment and competitive local private sectors. The Agenda for Change calls for the EU to help build 'local institutional and business capacity, promote SMEs and cooperatives, support legislative and regulatory framework reforms and their enforcement (...), facilitate access to business and financial services and promote agricultural, industrial and innovation policies'.¹⁴⁰ Our NIP analysis shows that the Agenda for Change's emphasis on supporting and engaging with the private sector is clearly reflected in the 11th EDF: nearly half of the 57 NIPs we analysed refer to the private sector as a key driver of sustainable and inclusive growth.¹⁴¹

The private sector is expected to play a role in all sectors, particularly in employment (the private sector is mentioned in the objectives of 67% of our NIPs focusing on employment), followed by agriculture (60% of NIPs focusing on agriculture mention the private sector in their objectives) and energy (nearly 40% of NIPs focusing on energy include the private sector in their objectives) (see Annex 5). Although only 30% of NIPs with a focus on transport mention the private sector in their objectives, around half associate support for transport with improving trade and access to markets. It is interesting to see that four NIPs support the emergence of an enabling environment for the private sector by channelling funds through civil society organisations (i.e. Chad, Ethiopia, Tanzania and the Seychelles).

The Agenda for Change also advocates 'new ways of engaging with the private sector with a view to leveraging private-sector activity and resources for delivering public goods'¹⁴² and states that 'the EU should invest in infrastructure only where the private sector cannot do so on commercial terms'.¹⁴³ In May 2014, the EC issued a communication on 'a stronger role for the private sector in achieving inclusive and sustainable growth in developing countries'.¹⁴⁴ This sets out a detailed policy framework for structured engagement with the private sector in EU aid.

Four countries (i.e. Ethiopia, Ghana, Kenya and the Seychelles) also identify the use of public-private partnerships (PPPs) as a modality for engagement with the private sector. Blending is concentrated in the energy sector, and is mentioned in 14 out of 19 priority sectors focusing on energy identified in our sample.¹⁴⁵ Blending is also identified in four NIPs with a focus on transport, in three NIPs with a focus on agriculture, and one NIP with a focus on water and sanitation (see Annex 5).

This is in line with the EIB's strategy for the ACP countries for 2014-2016. In terms of sectors, the EIB is closely aligned with the Agenda for Change, as **Table 5** below shows.

¹⁴⁰ European Commission, 2011b: p. 8.

¹⁴¹ We screened the objectives (overall and specific) of each focal sector. We did not seek to ascertain whether the private sector is mentioned elsewhere in the NIP.

¹⁴² European Commission, 2011b: p. 8.

¹⁴³ European Commission, 2011b: p. 8.

¹⁴⁴ European Commission, 2014a.

¹⁴⁵ Several interviewees share the opinion that the EC may lack the technical capacity to engage in the energy sector and is not yet equipped for blending.

Table 5 The EIB's priority sectors in ACP countries

In terms of sectors, the strategy has different levels of priority, with two key focus areas:

KEY FOCUS	Infrastructure:	Financial sector:
	<ul style="list-style-type: none"> • Infrastructure with a regional focus, notably projects consistent with the PIDA (Programme for Infrastructure Development in Africa) Priority Action Plan • projects with a pro-poor focus • projects which promote sustainable economic growth, <p>in any of the following sectors: energy, water and sanitation, transport and telecommunications.</p>	<ul style="list-style-type: none"> • channelling finance to SMEs and micro-enterprises, with the aim of stimulating job creation and private sector growth and supporting the development of local financial markets • credit lines, also in local currency, to selected local financial intermediaries • private equity funds targeting SMEs and microfinance • risk capital (direct equity, quasi equity) and risk-sharing instruments such as guarantees.
OVERALL GOAL	Across all sectors, Climate Action investment is important for the region given that many ACP states are highly vulnerable to a changing climate. Supporting adaptation initiatives and mitigating the impact of climate change through the promotion of low-carbon transport and energy, increasing climate resilience and promoting renewable energy sources and energy efficiency are over-arching priorities of EIB lending.	
SECOND PRIORITY	Agriculture and food security projects have a high multiplier effect in terms of development impact and are a priority sector in the Agenda for Change	Corporate Lending / Industry , which directly supports private sector activities.
OTHER SECTORS	Affordable and Social Housing, Health and Education, Mineral Resources, Tourism.	

Source: EIB 2014.

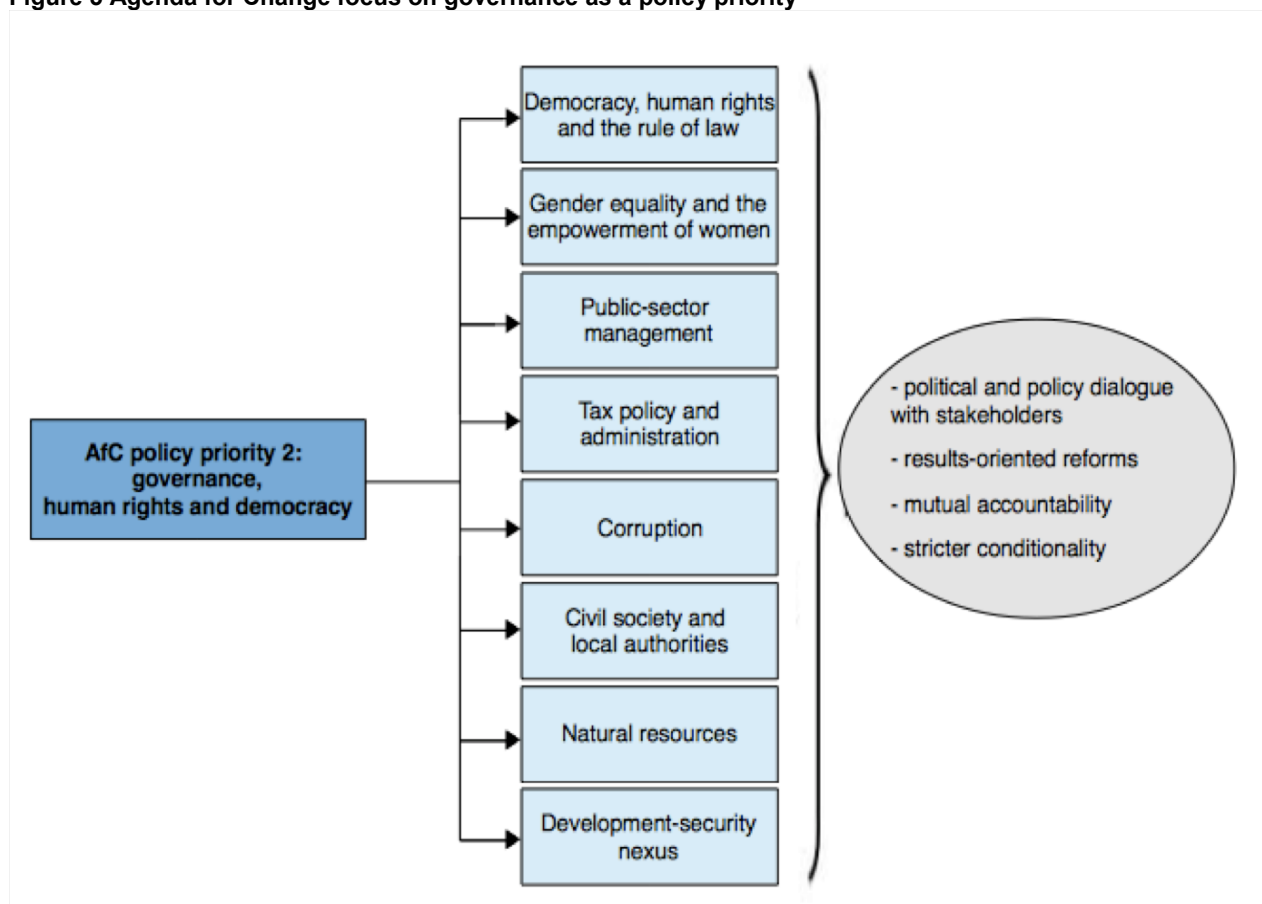
Is sector concentration possible in a diffuse policy area such as governance?

According to the Agenda for Change, 'good governance, in its political, economic, social and environmental terms, is vital for inclusive and sustainable development'.¹⁴⁶ As a result, 'support for governance should feature more prominently in all partnerships'.¹⁴⁷ The EU's support for governance, democracy and human rights features prominently in the 11th EDF. 32 out of the 57 NIPs analysed (roughly 56%) identified support for governance as a focal sector. This is equivalent to a total of €3,112.95 million, representing 28% of the funds allocated in our NIP sample. If we include allocations to support for civil society (a fourth sector), the amount rises to €3,386.88 million, spread across 48 countries. This means that 84% of our 57 NIPs include support for governance, either as a focal sector, or as support for civil society, or as both. The top three spenders on 'governance' are **Burkina Faso**, with €325 million allocated for supporting 'governance'; **Tanzania**, which has allocated €291 million to 'good governance and development', and **Mali**, with €280 million allocated to 'state reform and rule of law'.

However, it is difficult to estimate whether, when compared with the 10th EDF, EU support for governance is on the rise or not. According to the 10th EDF performance review, the 10th EDF allocated 13% of funds to democratic governance and 29% to General Budget Support, which in the 10th EDF was considered as a separate sector (unlike in the 11th EDF). It is impossible at present to work out how the various EUDs use aid modalities, but there are good reasons to believe that fewer funds will be channelled through GBS, compared to the 10th EDF.

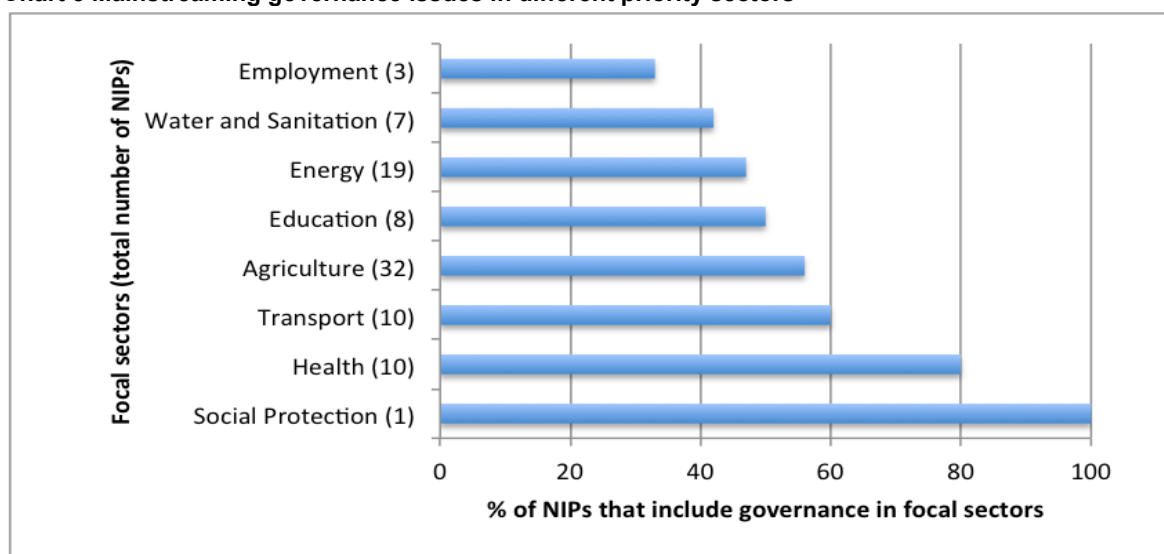
¹⁴⁶ European Commission, 2011b: p. 5.

¹⁴⁷ European Commission, 2011b: p. 5.

Figure 5 Agenda for Change focus on governance as a policy priority

An analysis of 11th EDF support for governance should not be restricted to what the EU spends on governance as a focal sector. Rather, it should also consider efforts to mainstream and support governance in other priority sectors, such as health, agriculture, education and transport.¹⁴⁸ Our analysis of NIPs suggests that governance issues feature in all sectors, with 50 NIPs (nearly 88% of our sample) mentioning support for governance (e.g. sector reform, strengthening systems and sector governance) in their sector objectives. 80% of interventions in the health sector are intended to strengthen systems, 60% of interventions in transport and agriculture identify sector governance as one of their objectives, followed by education (50%), and energy (48%). It lies beyond the scope of this paper to calculate the funds allocated to mainstreaming and supporting governance in different sectors.

¹⁴⁸ See European Commission, 2008b.

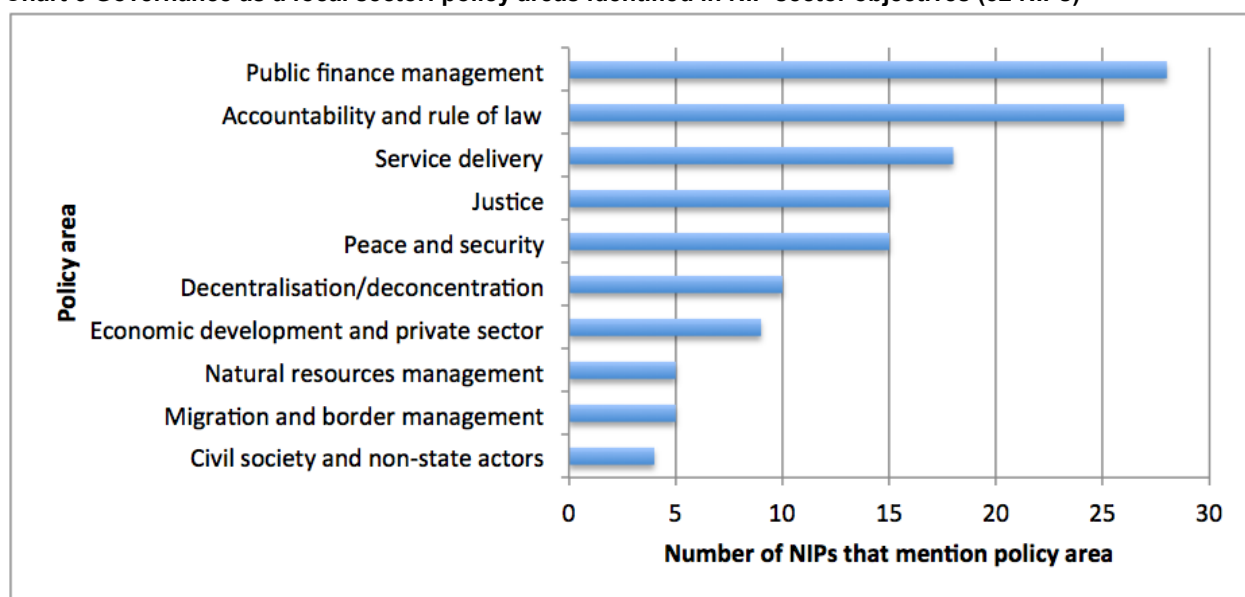
Chart 5 Mainstreaming governance issues in different priority sectors

Source: NIP sample (see Annex 5)

The Agenda for Change also mentions that support for governance may take the form of programmes or project-based interventions to support actors and processes at local, national and sectoral levels. The approach to be pursued should be 'centred on political and policy dialogue with all stakeholders', 'incentives for results-oriented reform', 'mutual accountability' and, 'in some cases, stricter conditionality'. For instance, general budget support is to be tied to partner countries' commitment to the fundamental values of human rights, democracy and the rule of law.

Most NIPs define their 'governance sector' in relatively broad, generic terms, and include objectives spanning multiple policy areas. It is too early to determine the financial split across different governance policy areas mentioned in the NIPs, as no information is given on the financial allocation within each sector. However, by conducting a keyword search throughout the stated objectives of the 32 NIPs that have governance focal sectors, we found that the preferred area of support is public finance management, which is mentioned in 87.5% of NIPs. The next largest area of support is 'rule of law/accountability', cited by 81.2% of these NIPs, followed by 'public service delivery' in 56.2% of NIPs. Given that the choice of aid modalities is still ongoing in a significant number of EUDs, it is too early to say whether the EU will channel fewer funds through GBS than in the 10th EDF (in which this amounted to 29.3% of NIP allocations).¹⁴⁹

¹⁴⁹ European Commission, 2010b.

Chart 6 Governance as a focal sector: policy areas identified in NIP sector objectives (32 NIPs)

Source: NIP sample (see Annex 5)

Other governance policy priorities that are mentioned in NIP sector objectives include:

- peace and security, mentioned in 46.9% of NIPs (15);¹⁵⁰
- justice, which appears in 46.9% of NIPs (15);
- decentralisation: although not mentioned in any sector titles, it is implicitly supported by 10 NIPs (31%);
- economic development and support for the private sector, mentioned in nine NIPs (28.1%);
- finally, five NIPs list 'migration and border management' among their objectives.¹⁵¹

Strategic support for civil society in the 11th EDF

When it was first signed back in 2000, the Cotonou Partnership Agreement was an innovative cooperation framework enshrining the right of non-state actors (including civil society organisations) to participate in the full EU cooperation cycle. Since then, the EC has taken numerous steps to refine its civil society engagement strategy and translate this ideal into practice.¹⁵² In 2014-2015, all EUDs, including those in ACP countries, were asked to develop a country strategy or 'roadmap' for their engagement with civil society, together with EU member state missions in the country in question. Although certain countries aligned the roadmap priorities with focal sectors, which meant for example seeking to mainstream civil society engagement in EU sector support, the roadmaps were often disconnected from the programming process.

In line with the Cotonou Partnership Agreement, the programming instructions note that ACP countries may plan 'a specific allocation [...] for support for strengthening civil society organisations (CSOs) and local authorities (LA), in addition to the maximum of three sectors'.¹⁵³ Funding for civil society represents 2% of funds in our sample of 57 NIPs, which suggests there has probably been an increase in funding in absolute terms compared with the 10th EDF. According to the 10th EDF Performance Review, 1.8% of funds were allocated to non-state actors. Interestingly, out of the 57 NIPs in our sample, only 38 have made use of this

¹⁵⁰ Note that 'peace and security' received 2.6% of funds under the 10th EDF A envelopes, according to the 10th EDF Performance Review. This means there has been an increase in spending on 'peace and security' under the 11th EDF.

¹⁵¹ The NIPs for Cape Verde, Nigeria, Haiti, Zimbabwe and Mauritania. Incidentally, the Ethiopian NIP includes support for the reintegration of Ethiopian returnees, in the special envelope for supporting civil society.

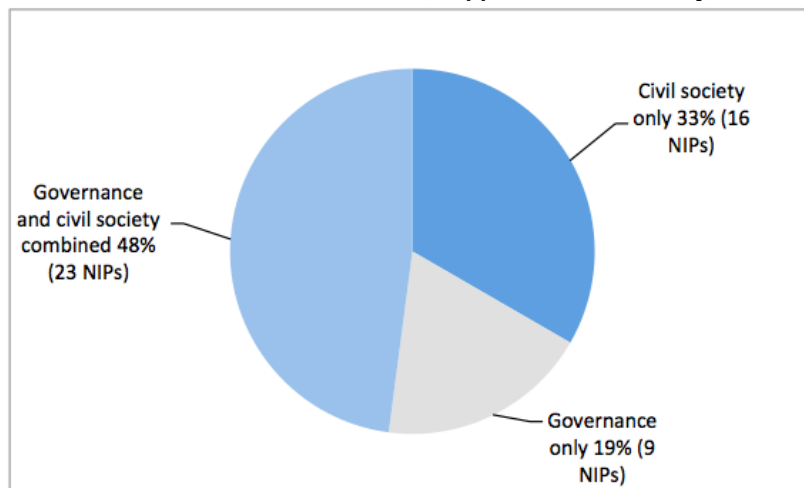
¹⁵² In 2012 the EC released a Communication on its strategy to engage with civil society in external relations, and committed the EC to establishing country roadmaps. See European Commission, 2012b.

¹⁵³ European Commission/EEAS, 2012b: p. 4.

possibility. This raises the question as to whether the legal commitment under the Cotonou Partnership Agreement to promote civil society participation as a fundamental principle of EU-ACP cooperation has been effective in opening up and safeguarding spaces for civil society in EU partner countries.

In total, measures in favour of civil society amount to €273.90 million in our sample of 57 NIPs. The largest allocation to civil society (as a fourth sector) is in **Ethiopia**¹⁵⁴ (€52 million), followed by €25 million in **Uganda** and €21 million in **Burkina Faso**. In some Caribbean countries, allocations to civil society are aimed specifically at supporting advisory panels of non-state actors in continuation of programmes financed by the 10th EDF.¹⁵⁵

Chart 7 Governance as a focal sector, support for civil society, and both options combines (57 NIPs)



Source: NIP sample (See Annex 5).

It is interesting to note that 80% of the NIPs that identify governance as a focal sector (23 in total) include support for civil society as a fourth sector. 16 NIPs that do not identify 'governance' as a priority sector do include an additional allocation to civil society, as illustrated in **Chart 3**. The case of **Ethiopia** is quite compelling, given the importance of the civil society envelope. **Botswana** and **Sierra Leone** are the two countries that identify civil society as one of the three focal sectors (in Botswana, this is in addition to public sector reform). In Sierra Leone, the focal sector combines 'government' and 'support for civil society'.

Support for a territorial approach to local development (TALD)

A Communication 'Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes' adopted by the EC on 15 May 2013 commits the EU to promoting territorial development.¹⁵⁶ According to the 10th EDF performance review, support for decentralisation 'remains a core sector under the 10th EDF, where financial contributions have increased significantly'.¹⁵⁷ The review also points out that 'there is still a need to reinforce the ongoing reform processes with a long-term perspective in order to achieve the expected results in terms of improvements in service delivery'.

¹⁵⁴ The NIP for Ethiopia contains detailed information on the priorities for this 'fourth sector'. The emphasis is on mainstreaming governance in sectors and ensuring that support for civil society is strategically embedded in the EU's country strategy. Support for civil society follows a five-pronged path: (1) address governance issues in the three focal sectors by supporting the participation of civil society in policy-making, oversight and implementation; (2) governance issues transcend focal sectors, but are key to the sustainability and impact of the 11th EDF (e.g. support for a free press, justice, trade facilitation, women's rights / gender equality, etc.); (3) continue supporting the Civil Society Fund; (4) support key actors and institutions of governance; and (5) support the reintegration of Ethiopian returnees.

¹⁵⁵ The object of these panels is to facilitate the involvement of civil society in the bilateral partnership between the country and the EU, as well as to review the assistance provided and advise on other matters related to the partnership. See European Union. nd. and Polycandriotis, S. nd.

¹⁵⁶ European Commission, 2013b.

¹⁵⁷ Around €800 million has been committed to direct support for decentralisation processes between 2000 and 2009 (Council of the European Union, 2011).

According to a DG-DEVCO source, 16 ACP countries had identified support for decentralisation, local governance and local accountability as a priority sector under the 10th EDF.

It is interesting to note that none of the 57 NIPs in our analysis identify support for decentralisation as a focal sector.¹⁵⁸ A detailed analysis of the extent to which 11th EDF will support a territorial approach to local development (TALD)¹⁵⁹ is beyond the remit of this paper. A great deal will become clear only once the interventions have been formulated, but a closer look at their objectives reveals that:

- **In NIPs with a focus on 'governance' (32):** ten NIPs specifically mention decentralised authorities and/or local governments among their general and specific objectives.¹⁶⁰ Eighteen NIPs list social service delivery among their objectives.¹⁶¹ This is significant, given that in most countries, local authorities have a broad mandate for the economic and social welfare of local communities (i.e. delivery of public services). Although NIP objectives may not specifically mention local authorities, interventions will need to take TALD into account in order to be effective.
- **In NIPs with a focus on 'social sectors'¹⁶² (29):** five NIPs specifically mention the local dimension, decentralised authorities and/or local governments as part of their general or specific objectives.
- **In NIPs with a focus on 'agriculture'¹⁶³ (31):** six NIPs specifically mention decentralised authorities, target specific regions or distinguish rural/urban/peri-urban areas in their objectives. The NIP for Cameroon identifies both 'territorial development for inclusive economic growth' and 'local economic development' as sub-sectors under 'rural development'. The DRC, Djibouti, Somalia, Timor Leste and Zambia identify local economic development as sub-sectors.

Gender or how crosscutting issues drop out of sight

The EU is committed to mainstreaming gender equality and the empowerment of women in all EU development policies and programmes, through its Plan of Action on Gender Equality and Women's Empowerment.¹⁶⁴ A recent evaluation¹⁶⁵ states that 'the EU is not delivering the strong institutional commitment on gender equality and women's empowerment (GEWE), as set out notably in the overarching policies on development cooperation' and that 'EC Services and EEAS leadership and management have not clearly communicated GEWE priorities to their own staff at headquarters or in EUDs. Neither have they put in place the necessary institutional architecture and incentives to motivate staff to take GEWE issues seriously in their work and to require and facilitate delivery on the policy commitments made.' It therefore does not come as a surprise that only 21% of NIPs in our sample include gender equality among their sector objectives.¹⁶⁶ As one of our interviewees at DG-DEVCO pointed out, 'the fact that gender equality is also a low priority in most ACP partner countries may also contribute to this trend'.¹⁶⁷

This does not mean that NIPs that do not mention gender equality are totally gender-blind: NIPs may include gender-sensitive indicators or mention gender equality elsewhere in the text (we only searched the objectives).¹⁶⁸ However, our impression is that gender equality is not prioritised at the highest level of interventions. Gender issues may be hidden under 'equity', which fared much better in our keyword search

¹⁵⁸ Between 2000 and 2009, around €800 million were committed to direct support for decentralisation processes EU support helped to strengthen the decentralisation process (policy formulation and implementation) in no fewer than 77 countries.

¹⁵⁹ Local development interventions may support (a) the delivery of social services, (b) employment creation and economic activity, and (c) management of natural resources according to European Commission, 2015e.

¹⁶⁰ Côte d'Ivoire, Dominican Republic, Ghana, Kenya, Kiribati, Mauritania, Niger, Somalia and Tanzania.

¹⁶¹ Belize, Botswana, Cameroon, Cape Verde, Côte d'Ivoire, Dominican Republic, Ghana, Haiti, Jamaica, Kenya, Mali, Mauritania, Niger, Republic of Guinea, Sierra Leone, Somalia, Tanzania and Timor Leste.

¹⁶² Sierra Leone, DRC, Nigeria, Lesotho and Republic of Guinea.

¹⁶³ Burkina Faso, Cameroon, DRC, Niger, Timor Leste and Zambia.

¹⁶⁴ European Commission, 2010c.

¹⁶⁵ European Commission, 2015f.

¹⁶⁶ Interestingly, Ethiopia's intervention in the transport sector includes a gender-equality focus.

¹⁶⁷ Interview with DG-DEVCO official, June 2015.

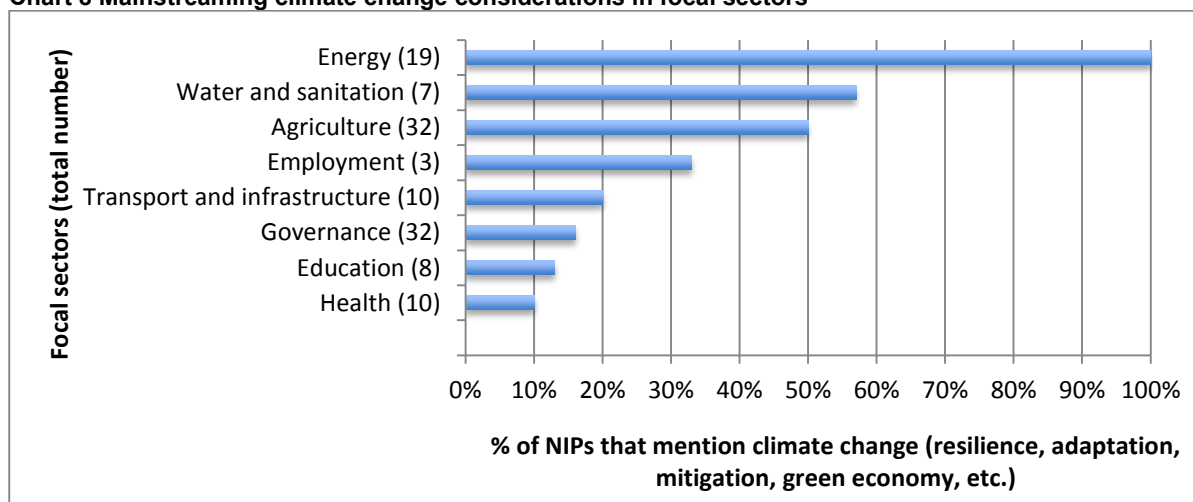
¹⁶⁸ For instance, if we look at the objectives of NIPs in which 'governance' is a priority sector, only two out of 32 mention gender equality. But a keyword search throughout the whole NIP (searching for terms such as 'gender', 'women', 'girls' and 'maternal') reveals that 66% of NIPs do include a mention of gender-related issues.

in NIP objectives.¹⁶⁹ DG-DEVCO apparently ‘made an effort to ensure that EUDs added at least a sentence on gender in the NIP’.¹⁷⁰ Gender equality is high on the agenda of the new Commissioner, who has claimed that ‘gender will be ever more visible in our concrete development actions’.¹⁷¹ This means that more effort will need to go into ensuring that gender equality plays a role throughout the implementation of NIPs.

On paper at least, the 11th EDF programming is climate-friendly

A major novelty in the EU budget for 2014-2020 is a commitment to spend at least 20% (€180 billion) on climate-related activities and to mainstream climate finance in all major EU policies, including official development assistance (ODA).¹⁷² The bulk of climate finance is to be channelled through bilateral programmes with partner countries and regional organisations.¹⁷³ According to the European Court of Auditors, the EU will spend an estimated €1.70 billion on climate action in developing countries in 2014-2015 alone.¹⁷⁴ The Agenda for Change is clearly a ‘climate change-friendly’ policy document, with a strong focus on ‘not damaging the environment’, ‘sustainable agriculture’, ‘renewable energies’, the need to promote a ‘green economy that can generate growth (...) including through supporting market opportunities for cleaner technologies, energy and resource efficiency, and low carbon development’,¹⁷⁵ and helping to improve ‘the resilience of developing countries to the consequences of climate change’. An analysis of all the objectives in our sample of 57 NIPs shows that 74% of NIPs are climate change-sensitive, either by mentioning climate resilience and climate adaptation, or by supporting a transition to a low-carbon economy and the introduction of mitigation measures.

Chart 8 Mainstreaming climate change considerations in focal sectors



Source: NIP sample (see Annex 5)

Our NIP analysis also shows that the energy sector is particularly sensitive to climate change: 100% of interventions (in 19 NIPs) focus on energy efficiency, support for renewables or the transition to low-carbon economic development. The score for ‘agriculture’ (32 NIPs) is mixed, with only 50% of NIPs including climate resilience among their objectives and 30% focusing on the transition to a green economy. This is quite worrying, given the importance of greenhouse gas emissions (GHG) in the agricultural sector, particularly in intensive agricultural systems. Resilience to climate change is particularly prominent in ‘water and sanitation’, where four out of seven interventions are intended to be resistant to climate change effects. It is also interesting to note that two interventions in the transport sector are climate-proof (see Annex 5).

¹⁶⁹ 62% of interventions in social sectors mention equity. This also applies to 37% of interventions in governance, and to 23% of NIPs with a focus on sustainable agriculture. In the energy sector, universal access is mentioned only once in our sample, although nearly 48% of NIPs focus on improving access to energy.

¹⁷⁰ Interview with senior DG-DEVCO official, June 2015.

¹⁷¹ EurActiv, 2015.

¹⁷² For more information on EU climate action, see Herrero and Knaepen, 2014.

¹⁷³ European Court of Auditors, 2014a.

¹⁷⁴ European Commission, Climate Action webpage.

¹⁷⁵ European Commission, 2011b.

Chapter findings in a nutshell

In the 57 NIPs we analysed, national programming seems to clearly reflect the broad policy priorities defined by the Agenda for Change.

- The priorities defined in the Agenda for Change translate into **strong financial support for agriculture and energy**, together accounting for 41% of total funds.
- **Support for agriculture, food security, rural development and environmental protection attracts nearly 30% of funds**, but NIPs follow a multi-sectoral approach, given the strong overlap between areas that require support in order to produce results.
- **Social sectors receive comparatively little attention, with half of the NIPs identifying at least one social sector as a priority.** However, when we look at how much the EU spends on social sectors, this represents nearly 20% of EDF funds, as prescribed by the programming instructions.
- **Support for governance as a focal sector encompasses many different policy areas and represents nearly 30% of funds**, including the use of General Budget Support. Moreover, sector governance (or strengthening sector systems) features as an objective in nearly 90% of NIPs. 38 NIPs make use of the option of including a fourth sector in support of civil society.
- **Nearly half our sample mention the private sector in their objectives.** The use of blending is significant in the energy, transport, water and sanitation, and agricultural sectors.
- **Climate change considerations are also clearly reflected in the 11th EDF, with 74% of NIPs listing climate change** adaptation and resilience or a transition to a low-carbon economy among their objectives. The energy sector takes the lead here: 100% of interventions are geared to improving energy efficiency and/or renewables.
- **Gender equality has not been mainstreamed, with only 21% of NIPs listing gender equality among their objectives.** However, this does not necessarily mean that NIPs are gender-blind.

Chapter 6: Sector concentration from instructions to reality

As we have seen in the previous chapters, the Agenda for Change is grounded on several key guiding principles, represented in **Figure 6** below. Based on qualitative information collected through our survey and interviews, this chapter examines how these guiding principles have translated into practice, and identifies the main challenges and dilemmas experienced by the actors involved, namely DG-DEVCO and the EEAS, the EUDs, EU member states and ACP partner countries.

Figure 6 Guiding principles for EU aid programming



Source: European Commission/EEAS, 2012a.

Sector concentration at the centre of EC strategy for achieving high-impact aid

The Impact Assessment for the Agenda for Change¹⁷⁶ argues that concentrating resources on a limited number of sectors would allow the EU to achieve a critical mass. Combined with an efficient division of labour, this would raise both the efficiency and the impact of aid, and improve the EU's reputation and visibility. In the long run, it would allow the EU to develop specialised expertise (provided there is a rapid skilling-up and redeployment of staff). Finally, sector concentration would also make it easier to monitor impact and results.

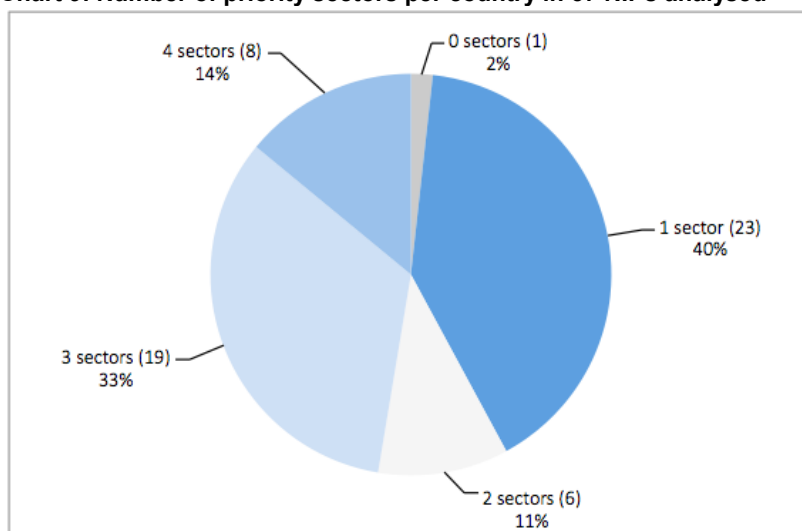
The Impact Assessment also identifies the major risks of sector concentration. These include reputational damage resulting from a top-down approach, loss of influence vis-à-vis other donors, and an undermining of MDG commitments if there is no effective division of labour between the various actors.

¹⁷⁶ European Commission, 2011c.

Sector concentration: mission accomplished?

From a purely managerial perspective, sector concentration has been a success, with 86% of our NIPs¹⁷⁷ obeying the instruction to focus resources on a maximum of three sectors.¹⁷⁸ A total of 23 countries, including a majority of SIDS, have concentrated all resources on just one single sector.¹⁷⁹ The programming instructions allow fragile states and states in situations of conflict and crisis to adopt a more flexible approach that would enable them to add a fourth sector.¹⁸⁰

Chart 9: Number of priority sectors per country in 57 NIPs analysed



Source: NIP sample (see Annex 5)

What were the key drivers in the choice of sectors?

Annex 2 of the programming instructions and the Impact Assessment of the Agenda for Change give further indications of the drivers, guiding principles and criteria that should be kept in mind when making sector choices. These are summarised in **Table 6**. Our survey of EUDs suggests that a certain hierarchy emerges and certain clashes arise when these drivers, principles and criteria are applied.

- **Our survey confirms the determinant influence of EU policy priorities** in the choice of sectors. An overwhelming majority (i.e. over 80% of respondents) see the Agenda for Change as a key driver in sector choices. Nearly 60% of respondents said that instructions from HQ also had a big influence.
- **Alignment with country priorities scores fairly high**, with 40% of respondents indicating that this factor was important 'to a great extent' and 20% saying that it was important 'to a full extent'. The remaining 40% said that some account was taken of alignment. Interestingly, 51% of respondents were either very unsatisfied or **unsatisfied with country ownership** (see below). Overall, interactions with the NAO and line ministries were rated as 'satisfactory'. Nearly 50% of respondents said they were 'moderately satisfied' and 20% were 'very satisfied'.
- **Division of labour and gap analysis** were not major drivers in sector choices. Only 30% of respondents regarded these as determinants. Joint programming (which in its ideal form should be a

¹⁷⁷ 49 out of 57.

¹⁷⁸ In one case, namely the Seychelles, no sector concentration has been defined due to the limited amount concerned, i.e. €2.20 million. The funding has been allocated to the Technical Cooperation Facility.

¹⁷⁹ The programming instructions (i.e. Annex 2 on the 'Guiding Principles for Sector concentration and the choice of sectors') recommends that small island developing states should concentrate their efforts and funds in one sector only (European Commission/EEAS, 2012b).

¹⁸⁰ Eight NIPs make use of this option. These are the NIPs for Burundi, the DRC, Haiti, Liberia, Republic of Guinea, Sierra Leone, Mali and Niger. All these countries are on the World Bank's harmonized list of fragile states and states in conflict situations, except for the Republic of Guinea and Niger.

precursor to division of labour and joint implementation) was not a key driver at all in sector choices in nearly 50% of cases and only to a minor extent in 32% of cases, while it did have a significant influence for 20% of respondents. An overwhelming majority of respondents (86%) regarded interaction with EU member states during the process as satisfactory.

- **Knowledge** (including of a government's willingness to engage in policy dialogue and of absorption capacity) **obtains a mixed result**. The use of political economy analysis (PEA) informed programming to a minor extent according to nearly 40% of respondents, to a great extent according to 30% and fully according to almost 15%. This suggests that the tool has potential, but is not being fully exploited. At the same time, 15% of respondents said that PEA had no influence over programming choices.
- **Learning from the past does not seem to be a major factor in programming**. According to 60% of respondents, lessons learnt from the 10th EDF or past evaluations (project, programme or strategy) had little or no influence over programming choices. It is interesting to see that, at the same time, 55% of respondents regarded the track record as a determinant factor in selecting sectors. A recent study on the use and uptake of strategic evaluations in EU development cooperation¹⁸¹ noted several missing links in current DG-DEVCO-EEAS learning systems. The programming of cooperation is one area where there is scope for improvement in the degree of uptake. In order to improve the use of knowledge and experiences, corporate and administrative incentives must be put in place that favour the development of an evaluation and learning culture in the institutions.

Table 6 Sector selection: drivers, guiding principles and criteria for assessing comparative advantages

Guiding principles	Main drivers for sector selection	Criteria for assessing EU comparative advantage and defining areas of specialisation
	Sectors referred to in AfC.	EU priority areas. Focus on sectors which can induce strong and sustainable inclusive growth.
Alignment with country policies, needs and development objectives and sector definitions. Government's absorption capacity and willingness to engage in policy dialogue.	Effective ownership and relevance of country development plans and sector policies and priorities.	
Critical mass in terms of knowledge, human resources and financial resources for generating significant and measurable results. Lessons learnt, continuity and coherence with previous cycles. EUD capacity.	Expected results and impact at country level EU priority areas of cooperation and comparative advantage, including in relation to member states	Track record (i.e. EU has sound experience and knowledge; action has produced good and sustainable results). Internal expertise based on its own successful experience (e.g. regional integration). Sectors in which EU coordinated action has a clear added value in terms of policy and financial leverage.

Source: Programming instructions, including Annex 2.

¹⁸¹ European Commission, 2014e.

One should bear in mind, however, that choices relating to sector concentration and national programming were made in the context of a broader and extremely complex exercise led by the EEAS. This aimed at boosting coherence and complementarity between national, regional, intra-ACP and thematic programming on the one hand and joint programming on the other. It is beyond the remit of this paper (and too early) to assess how the guiding principle of 'coherence and complementarity' operated in practice.

Box 5 Was continuity a guiding principle in programming choices?

Performing a comparative analysis of the evolution of sector priorities is a complex business, given the differences in sector nomenclature and definition between the 10th and 11th EDFs. Sector re-labelling in country NIPs makes it difficult to assess the degree of continuity with previous programming cycles. In some countries, there is continuity but with 'rebranding'. This is a common trend in support for 'governance'. In Ghana, for instance, 'support for governance' under the 10th EDF became 'public sector management and accountability' under the 11th EDF. There are similar changes in other countries: Mauritania reclassified 'governance' as 'rule of law', Jamaica went from 'governance' to 'public finance management', and Guinea relabelled 'governance' as 'strengthening the rule of law and promoting an efficient administration serving citizens and development'. Decentralisation, which was a priority sector under the 9th and 10th EDFs in many countries, no longer features as an explicit priority sector under the 11th EDF.

We detected one country in which there was full continuity between the 10th and 11th EDFs: Uganda. Another country, which also seems to have prioritised continuity is Kenya, although it did alter the naming of certain sectors so as to better reflect the priorities of the Agenda for Change. For example, 'transport infrastructure' became 'sustainable infrastructure' and 'agriculture and rural development' was relabelled as 'food security and resilience to climate shocks'. In some countries, continuity is only partial. In Ethiopia, for instance, the EU continues its support for agriculture and transport (coupled with 'energy') and moves away from 'governance and macroeconomic support' to support for 'health', a new sector. In countries such as Burkina Faso, continuity is observed for 'health' and 'governance', while 'transport' is replaced by 'sustainable agriculture'. In the case of Cameroon and Zambia, support for rural development has been 'upgraded' from a non-focal sector under the 10th EDF to a priority sector for the 11th EDF. In the case of Liberia, a single focal sector, i.e. 'Linking Relief, Rehabilitation and Development', with a focus on infrastructure and governance, under the 10th EDF has been replaced by four different focal sectors under the 11th EDF, i.e. 'good governance', 'energy', 'education' and 'agriculture'.

In other countries, there is no continuity at all. In Dominica, for instance, 'macroeconomic support' has been replaced by 'renewables and energy efficiency'. The same applies to Barbados, where 'skill development' has been replaced by 'energy'. Most countries that have pulled out of 'transport' have engaged in a completely new sector, generally 'energy' or 'sustainable agriculture' in line with the Agenda for Change. 'Social cohesion' no longer features as a priority sector in the 11th EDF.

Top-level support and tight controls to ensure policy compliance

DG-DEVCO had a clear mandate to ensure that the Agenda for Change was duly implemented. Two high-ranking DG-DEVCO officials said that they were 'convinced that EU spending closely reflects the Agenda for Change'.¹⁸² We have collected substantial evidence of top-down influence over sector choices. Numerous interviewees confirmed that many countries were pushed to choose energy and abandon transport, although a member of DG-DEVCO management pointed out that this 'ensured that we got a high level of sector concentration and were aligned with AfC priorities'.

Representatives of **EUDs** claimed that there was 'little openness from Brussels to take account of EUD opinions' and that 'programming was a constant stream of directives from Brussels'.¹⁸³ Several interviewees, both at HQ and at the EUDs, suggested that 'Piebalgs took sector concentration upon himself'.¹⁸⁴ The following quote from an EUD staff member is illustrative:¹⁸⁵

'When Ashton and Piebalgs finally stopped arguing about transport, the EUD was told that energy would be the main focal sector. This was a higher-up decision and it really came as a surprise, because the instructions required us to perform a country analysis, a mapping of donors, etc., and the authorities were happy with

¹⁸² Interviews between June 2013 and December 2014.

¹⁸³ Two separate interviews with DG-DEVCO officials in two countries, conducted between December 2014 and February 2015.

¹⁸⁴ Interviewed between June 2013 and March 2015.

¹⁸⁵ Remote interview in March 2015.

roads and nobody in the EUD knows anything about energy. The EUD had to 'pretend' that focusing on energy was based on a careful analysis.'

Several **member state representatives** interviewed for this study were also frustrated by Brussels' interference in sector choices, as is illustrated by the following quote:

'After a long process of talking about the division of labour, mapping EU interventions and issuing recommendations to the Delegation, the end result in terms of sector choice was completely 'no matter what you said, we'll just do whatever we like'. As member states, we got a 'why are we wasting our time?' feeling, but we cannot blame the Delegation. They were simply overruled.'

At **HQ**, there were tensions between bottom-up and top-down logic that had to be managed. A high-level DG-DEVCO official told us that 'EUDs were frustrated that they did not have the same freedom as in the past and could not continue with business as usual.'¹⁸⁶ This meant that many initial EUD proposals had to be restructured to meet the priorities set out in the Agenda for Change.

Although the EEAS was loyal to the sector concentration policy adopted by the Commissioner for International Cooperation and Development, two interviewees at EEAS reported that the latter supported 'a reasonable degree of flexibility' and advocated 'a case-by-case approach'.¹⁸⁷ We were occasionally told that the former High Representative Ashton used her direct access to the Commissioner to intercede and accommodate strategic partners' national priorities in the choice of sectors. This raises the question of whether the EEAS is not in fact more sensitive to the needs of heads of states, and places cooperation in a wider external action perspective. Another senior member of EEAS staff said that the 'Agenda for Change did not prescribe any particular sector, and provided a lot intervention areas within the two pillars. The problem was that there was no paper translating the Agenda for Change into operational terms. This left room for interpretation about the nature of the priority sectors'. Another member of EEAS staff said that 'if there had been a serious, factual and evidence-based debate about the interpretation of Agenda for Change, based on countries' needs and priorities, this might have resulted in a different process and different programming choices.'

From the **partner countries' point of view**, as was expressed by an ACP Secretariat representative, 'sector concentration is about choosing the top priorities that will bring change in a particular country, which means that one-size-fits-all choices are problematic.' An NAO interviewed for this study pointed out that 'EU aid to our country is marginal compared to the national budget. The EC's contribution will not change anything, so we don't really have a problem with the EU choosing the sectors they want to support.'¹⁸⁸

What is a 'narrow sector'?

The Impact Assessment for the Agenda for Change identified EU aid sectoral dispersion as one of the main obstacles to EU aid efficiency and contended that both member states and the EU define sectors too broadly. It argued that donors operate in a very large number of traditional sectors, so that interventions inevitably cover a wide range of sub-sectors, all requiring different forms of expertise and dialogues with different line ministries. Drawing from the Impact Assessment, the programming instructions called for the concentration of funds in a maximum of three sectors, 'understood in a narrow sense.' Several sources reported that Piebalgs' Cabinet had asked Heads of Delegations to ensure that NIPs contained fewer sectors and as precise as possible sector definitions, especially in the area of governance.

¹⁸⁶ Interview in Ethiopia in December 2014.

¹⁸⁷ Interviews in February and March 2015.

¹⁸⁸ Interview in May 2015.

The programming instructions offered the following guidance for defining a sector:

- Sectors should not be confused with the wider Agenda for Change priority areas;
- Sector priorities do not need to be the same as those listed in the Agenda for Change;
- The definition of a sector can be narrower, by addressing specific issues;
- The definition of a sector can cut across several policy areas;¹⁸⁹
- Aligning with the national definitions of a sector should not lead to an artificial extension of the definition.

This left a great deal of scope for interpreting what the word ‘narrow’ actually means in practice. Interestingly, the programming instructions do not refer to the EU Code of Conduct and the EC Toolkit on implementing complementarity as these documents offer more detailed guidance on how to define sectors (i.e. broad vs. narrow definitions).

Box 6 What is a ‘sector’ in EU development policy?

According to the **EU Code of Conduct**,¹⁹⁰ ‘the appreciation of what constitutes a sector, being intuitive or informed, should be done in a flexible manner, at partner country level and match the definition of the recipient country.’ The **EC Toolkit on implementing complementarity and division of labour**¹⁹¹ notes that ‘national sector definitions vary depending on the sectors defined by the government. (...) Sector definitions may be very wide, covering a vast area (‘human development’). In this case, concentrating on a limited number of sectors will be relatively easy. But it will not have much effect on aid effectiveness as aid will remain scattered across a wide variety of activities, and complementarity will only be considered at a highly aggregated level. Sector definitions may also be very narrow, covering virtually the same area as a project (‘support for elections’). This will make concentration on only three sectors complicated and may leave some sectors not sufficiently supported.’

The Toolkit also notes that ‘donors can suggest fine-tuning government-defined sectors. It may be useful to break up very large sectors into smaller sectors, or to group very small sectors into one larger one in order to make discussions on sector concentration more manageable.’ According to the Toolkit, ‘it may be helpful to refer to the OECD/DAC common standard (3-digit code) already in use by donors and partner countries for reporting on aid flows’ to define a reasonable scope for a sector.

Our analysis shows that the EC and the EEAS did not have a harmonised method of defining or naming sectors. There is a broad spectrum of sector definitions, ranging from very broad to very narrow. Sector nomenclature includes DAC 5 Codes, DAC CRS codes,¹⁹² clusters of different DAC codes,¹⁹³ a description of the objectives targeted by the intervention,¹⁹⁴ and a description of the intervention itself.¹⁹⁵

Our analysis also suggests that most priority sectors span different policy areas, which could in themselves be considered as self-contained sectors if a strict narrow definition was applied. A Head of Sector explained the problem in these terms: ‘A single labelled sector in fact encloses two or more sectors. In ‘agriculture and food security’ we have colleagues working on value chains, coffee, environmental protection, forest management, macro-issues, resilience, nutrition and so on’. We also noticed that a broadly defined sector (e.g. good governance) may in fact be quite specific when it comes to its implementation (e.g. general budget support modality). An NAO told us that ‘sectors have been defined in a broad manner and there are many sub-sectors within sectors. This was not an explicit government request, however. Rather, it was the solution found by the EU so that it could better accommodate our priorities.’

¹⁸⁹ The programming instructions cited public finance management as an example of a sector spanning different policy areas.

¹⁹⁰ Council of the European Union, 2007.

¹⁹¹ European Commission, 2009b.

¹⁹² OECD DAC distinguishes 11 sectors (including multi-sector), and General Budget Support (GBS) as a 12th element.

¹⁹³ For instance, sector concentration in the ‘social sectors’ does not always equate with concentrating on one sector only. Several NIPs combine two or more sectors under a single heading, e.g. ‘employment and social protection’ (Ghana); ‘education and employment’ (in Botswana, Gabon and the Dominican Republic), ‘health, nutrition and social protection’ (Nigeria), and ‘health and LRRD’ (DRC). When we studied the specific objectives of health interventions, we found that most of them included an intervention in water and sanitation.

¹⁹⁴ Reduced Rural Poverty and Improved Livelihoods’ in the Zambian NIP.

¹⁹⁵ Rehabilitation of Route Nationale 1 Section Tshikapa’, in the DRC NIP.

Are sector choices well-informed decisions?

As the first step, EUDs were instructed to assess whether national development plans were a sufficient basis for the programming of EU assistance. They were required to fill in Annex 3 of the programming instructions, entitled 'Template for the analysis of national development plans'. The assessment was required to examine:

- the plan's description of the country's constraints, challenges and perspectives;
- the definition of development priorities and objectives;
- the latter's consistency with EU development policy;
- the performance assessment and monitoring framework.

According to a senior EEAS official, 'most NIPs lack a quality analysis of the country context, and of how cooperation fits into EU's overall strategy'. A Head of Delegation (HoD) shared this perception: 'in the absence of a proper country strategy, the strategic part of NIPs has been lost.' Moreover, the absence of systematic political economy analysis informing programming combined with top-down sector priorities further reduced the incentives to produce an in-depth analysis of the national or regional context. Although we recognise the political difficulties of negotiating and committing political analyses to paper, nothing would prevent the EEAS and DG-DEVCO from keeping the findings confidential.

We identified three main reasons why NIPs may lack a quality analysis of country context.

- 1) **Annex 3 of the programming instructions contains no rigorous analytical grid for assessing the credibility and quality of national policy**, the political will for reform, and the champions of the proposed reforms. EUDs used different methods of assessing national development plans and country contexts, although it was unclear how these supported each other.

The various methods included:

- a) Budget Support Guidelines for Good Governance Contracts, i.e. an assessment of credibility, feasibility and political coordination, but with a strong PFM focus;
- b) EEAS conflict analysis tools;¹⁹⁶
- c) The PPCM (project and programme cycle management) guidelines developed by DG-DEVCO in parallel with the programming instructions, including a (draft) political economy analysis methodology.¹⁹⁷

- 2) **The EEAS missed an opportunity to embed programming in Joint Framework Documents.** As we have seen in Chapter 2, the EEAS was not particularly forthcoming in the programming process. Not only was the Service understaffed, it also lacked a common approach to context and political analysis.¹⁹⁸ The early expectation that EU Joint Framework Documents (JFDs, i.e. strategic documents integrating all aspects of EU external action and outlining the broad range of EU interests and priorities in specific countries or regions) would be used for the programming process¹⁹⁹ did not materialise in many countries. When JFDs were used, our research suggests that they seldom fed programming choices. According to one of our EEAS interviewees, 'JFDs are more concerned with short-term, military and crisis management issues rather than with a long-term perspective. Moreover, there are great fears that, with such a large circle of people in the know, such a strategic document would be difficult to keep confidential. This could adversely affect the EEAS's image.'²⁰⁰

- 3) **DG-DEVCO missed an opportunity to inform programming choices with PEA.** Following the example of other donor agencies, from 2010 onwards the EC invested in the development of methodologies for conducting political economy analyses (PEA) at country and sector levels. This created incentives for several EUDs to launch such country PEAs between 2012 and 2013. Yet the visibility given to some of these studies in partner countries raised major concerns at DG-DEVCO

¹⁹⁶ European Commission/EEAS, 2013.

¹⁹⁷ This generated much interest across EUDs, as illustrated by the programme of the EC seminar on governance support in third countries. European Commission, 2011a.

¹⁹⁸ Helly, et al., 2014.

¹⁹⁹ European Commission/EEAS, 2011.

²⁰⁰ EEAS official interviewed in July 2015.

headquarters. It was therefore decided to suspend all further PEA exercises involving external consultants. A message was also circulated to the effect that this type of analysis could best be handled internally, i.e. by the EUDs themselves. One of our interviewees noted that ‘without external facilitators, it is impossible to get a good PEA analysis off the ground. We have limited capacity and we cannot open the right doors’.²⁰¹ Although the sector choices may be right in terms of addressing specific needs, they may not produce any impact if the political conditions for policy dialogue and reform are not met. This can be known only if a sound country or sector PEA is available. As several interviewees pointed out, it is never too late to do a PEA as this can be useful throughout the full cycle, from formulation to implementation.

Are aid modalities a key driver in sector choices?

The Agenda for Change advocates the use of the EU's full range of aid instruments, notably sector reform contracts (also known as sector budget support) with an intensified policy dialogue. The programming instructions are a little ambiguous as to whether or not aid modalities should determine the choice of sectors. Annex 2 of the programming instructions states that ‘implementation modalities, such as Sector Reform Contracts, are not key decision drivers when selecting sectors. These decisions will be made during the implementation phase within the sectors selected. Still, the selection of sectors cannot be completely disconnected from the possible implementation modalities’. Annex 2 adds that ‘Budget Support cannot be chosen as an additional fourth sector’, but should instead be used within the chosen sectors. This is rather different from OECD/DAC purpose code sector classification, according to which general budget support should be reported as non-sector allocable aid.²⁰²

We found that nearly 80% of NIPs (i.e. 44 out of 57) mentioned possible aid modalities for at least one of the priority sectors. Blending is the modality of choice, with over 40% of NIPs mentioning its use, followed by Sector Reform Contracts (36%) and the project approach (33%). According to our keyword search in NIPs documents, only four countries mention a ‘Good Governance and Development Contract’, and a further four countries mention State-building Contracts.²⁰³

The survey of EUDs generated certain findings about the key drivers for choosing aid modalities. These include country context and preparedness of the sector, the impossibility of choosing another aid modality, government preferences, feasibility, type of results that can be achieved, experience with the modality, reduction in workload and staff availability and finally, dogmatic thinking by HQ. Indeed, we have evidence that, very early in the process, DG-DEVCO asked EUDs to specify whether budget support or another modality was planned. There are legitimate concerns that pressure to disburse, coupled with staff efficiency concerns, is distorting the original rationale for budget support and that this modality is chosen due to internal aid management problems, rather than because of country context specificities and the EU's intervention strategy. As a senior EUD official pointed out, ‘we thought it would be worth supporting the government's ambitious agenda with sector budget support, not only to support the reform agenda, but also to circumvent the complexity of our own procedures’.²⁰⁴

Ownership and alignment

The 11th EDF is a big opportunity for the EU to abide by the development effectiveness commitments made in Busan to ‘deepen, extend and operationalise the democratic ownership of development policies and processes’.²⁰⁵ Ownership is a fundamental principle of the aid effectiveness agenda. It features prominently in the programming instructions, according to which national development plans are the basis for programming if deemed adequate by the EUDs. The instructions require EUDs to dialogue with the partner government and consult with local stakeholders (including civil society and private sector) at key moments throughout the programming process, integrate their input and report to HQ on these interactions.

Although 70% of respondents indicated either satisfaction or moderate satisfaction with the interaction with line ministries and the NAO, 51% were either unsatisfied or very unsatisfied with country ownership. An EUD official described top-down decision-making as ‘treating poorer countries without any respect and

²⁰¹ Senior EUD/DG-DEVCO official interviewed in February 2015.

²⁰² OECD website, Purpose codes: sector classification.

²⁰³ See footnote 342 in Annex 5 for further details on countries which are likely to opt for Sector Reform Contracts (SRCs), according to a DG-DEVCO official interviewed for this study.

²⁰⁴ Interview in February 2015.

²⁰⁵ Busan, June 2011.

dismissing their legitimate claims'. Three NAOs interviewed for this study agreed that the 11th EDF programming was not fully respectful of country preferences, especially when it came to the choice of sectors. But there were some nuances: for example in relation to the identification of projects within a sector, one NAO said he was satisfied with the fruitful discussions and the fact that the EU had changed its position after consultations. In another context, consultation appears to have stopped after the choice of sectors, with the government having less input and ownership of programming within a sector. The situation is illustrated by the following three quotes:

'We are not very satisfied [with country ownership] because the government proposed to continue with support for transport. While the government was still persuading the EU to support transport, the EU already knew that they were going to support energy. It wasn't really the government's choice (...). We are quite satisfied with choice of indicators because it was participatory, but we would have liked to be involved in the choice of interventions and modalities beyond being consulted on focal sectors. This would improve ownership. [...] With regard to aid modalities, GBS is the government's preferred modality. Now we have a mixture of projects. [...] The allocation across sectors was also a unilateral choice: the government does not have a say in how overall the envelope should be spent.'

'After long talks, the EUD and the government reached an agreement, but it was not an equitable agreement because the EU pulled out of transport against the government's will.'

'The government would have preferred other priority sectors. [...] The EU acted as if there was co-management, but it imposed its own decisions. [Yet] with regard to choices within sectors, [...] discussions proved fruitful and the EU agreed to change its position.'

The survey findings suggest that participatory processes had only a minor influence over programming choices. 70% of respondents reported that they had a minor influence, with an additional 10% reporting no influence at all.²⁰⁶ At the same time, the respondents were positive about the interaction with civil society, with nearly 80% of EUD respondents satisfied with CSO consultation processes, and 42% satisfied with the participation of local authorities. This suggests confusion between means and objectives with regard to civil society participation in the programming process. The impression we gained from the interviews was that consultations with and the participation of stakeholders have become part of a 'box-ticking exercise' rather than a reflection of any commitment to democratic ownership and inclusive development, thus creating frustration and arousing false expectations. According to one of the NAOs we interviewed, 'the EUD organised several thematic consultations with civil society. The process was long and iterative and, at the end, many civil society organisations were disappointed that their sectors had been not retained for funding.'²⁰⁷

However, the quality of the consultations and the experience of civil society organisations varied from one country to another, as was also one of the findings of a Concord study. Good practices, Concord recommends, need to be more effectively mainstreamed.²⁰⁸ According to our EUD respondents, 42% of NIPs do not include an engagement strategy with domestic accountability actors, despite this forming part of the identification phase. In 13% of cases, there is no strategy to engage with these actors.

²⁰⁶ Only one respondent considered participatory processes to be the most influential factor in sector choices.

²⁰⁷ Remote interview in May 2015.

²⁰⁸ CONCORD, 2015: p. 8.

Box 7 Does the NAO system help to ensure country ownership?

One of the peculiarities of the EDF is that beneficiary countries need to appoint a senior government official as its National Authorising Officer (NAO) to represent it in all EC-supported programmes. The NAO works in close harmony with EUD officials in that country. The NAO is responsible for coordination, programming, regular monitoring and annual, mid-term and end-of-term reviews, and for coordination with donors, in consultation with the appropriate stakeholders, including non-state actors, local authorities and, where relevant, ACP parliaments. Much of an NAO's work consists of day-to-day tasks such as putting contracts out to tender, authorising expenses and making the necessary adjustments to ensure that projects and programmes are properly implemented.

A legitimate question is whether co-management, articulated around the NAO, is the best way of guaranteeing country ownership from an aid effectiveness viewpoint.²⁰⁹ One of our interviewees²¹⁰ pointed that there is a fundamental imbalance in the way the revised version of the Cotonou Partnership Agreement defines co-management: 'While Article 36 of Annex IV of the CPA clearly defines the NAO's tasks, there is no such detailed definition of the tasks entrusted to the Head of Delegation. This was previously given in Article 35, which has now been removed. Nowadays, Heads of Delegation are only required to inform the NAOs on a regular basis.'

The NAOs themselves have a very important role to play in articulating the government's positions and ensuring that line ministries understand and comply with EC procedures. However, the majority of the NAOs we interviewed shared the view that co-management does not equate with ownership, as decision-making is concentrated in the hands of the EUD despite the EU's commitment to the Paris Declaration. All the NAOs we interviewed could cite examples of how the EC had not respected the partner government's preferences in terms of the choice of sectors in programming, sector allocations in NIPs, aid modalities, and decisions during implementation. Two interviewees had positive examples: participatory processes in choosing indicators and synchronisation efforts that helped to ensure greater ownership.

EUD views collected by means of interviews and the survey also suggest that most EUD staff believe that 'financial co-management does not equate with ownership or full partnership'. Here are some of the reasons that were put forward:

- In practice, the EU decides: 'government ownership exists only on paper, as the EU can veto any decision', 'the EU pays and imposes', and 'we just pay lip service to country ownership and push things through even if the government does not want them' are some quotes from the survey. This view is also shared by three of the four NAOs we interviewed for this study. As one of them pointed out, 'most decisions are taken by the EU and everybody knows that. With regard to implementation, particularly of projects funded under the 10th EDF, the EU has a general tendency to impose decisions contrary to the principles of the Paris Declaration.'
- The NAO system is devoted mainly to dealing with complicated EU procedures. This hybrid EC/NAO management system 'at times implies a duplication of tasks between the EUD and the NAO office'. There is a contradiction between country ownership and the co-management system as applied to EDF beneficiaries: 'either the EUD and a technical assistant should deal with EC procedures or country procedures should be allowed and then followed by the NAO'. One interviewee called for simpler EC procedures to ensure that 'fewer resources are wasted in improving the capacity of our partners to deal with our own procedures – which we can't even understand ourselves.' An EEAS official said that 'the NAO is a parallel structure in the government and strengthening its capacity to deal with our procedures does not spill over into the national administration.'
- NAO offices are run mostly by consultants paid by the EU who 'hamper any real appropriation by the Government'.
- NAO offices are parallel structures created to deal with EC procedures with the additional downside that the 'EUD's main interlocutor is not a real decision-maker' and 'does not have technical expertise as line Ministries do'. Several respondents called for a regular monitoring of the performance of the NAO as a coordinator and recognised the value of a more direct dialogue with line ministries.
- The NAO was seen as 'playing a power game to justify its existence' and 'not always acting in the best interests of the sector' (for instance, by pushing for the use of programme estimates, an aid modality which draws significantly on beneficiary ministries' capacities, but which gives a prominent role to the NAO).
- One of the areas that will require attention in the 11th EDF performance review is certainly whether or not the NAO system (which is not included in the DCI) adds value, particularly in terms of country ownership. However, this will require a thorough political economy analysis of why co-management does not always work as it should. Finally, the question of whether the budgetisation of the EDF would enable a (revised) NAO to be maintained will need to be answered.

²⁰⁹ There is no NAO counterpart in the DCI. According to one of our EEAS interviewees (July 2015), this means that 'programmes are negotiated with the partner country, but not in a very formal way. There is no counter-signature, and this gives the EU more freedom in performing the country assessment, and more negotiating power.'

²¹⁰ ACP Secretariat representative interviewed in June 2015.

As a senior member of EEAS staff pointed out, 'ownership is a huge challenge: on the one hand the EU has a new policy that needs to be enforced and then we have the partnership. HQ had to steer the process to ensure compliance with the new policy as EUDs sometimes proposed too many sectors. But it may have been a little heavy-handed.'²¹¹

The ACP Secretariat sees the problem in the following terms: 'The main challenge is how we implement the ACP-EU partnership in a true way. A true partnership requires a continuous dialogue and also that all decisions are taken jointly. Regrettably, in many cases, it is the EU alone that decides, merely informing us of the decisions it has taken.'²¹²

Synchronisation and flexibility

Part of the strategy to maximise ownership envisaged the synchronisation of the EU's programming cycle with partner country planning cycles, whenever possible. This means that EU programming for the 2014-2020 EDF period can be divided into several stages depending on the time span of the country or regional strategy with which the EU wishes to align itself. This has only rarely been done, for example in **Senegal**, where, due to the planned synchronisation with national development cycles, sector allocations are specified only for 2014-2017. The total allocation for the 11th EDF period is €347 million, although only €200 million has been allocated under the first NIP. According to the new strategy to be defined by Senegal, a second NIP for the remaining €147 million will have to be prepared for 2018-2020. The programming instructions also allow for the use of accelerated procedures in order to adapt and respond in a timely fashion to changing contexts and align with country-planning (e.g. elections and reviews of national development strategies).

According to the EDF Impact Assessment, 'the procedure for preparing and revising the A envelope of the NIP proved more rigid than expected. While the process was useful for addressing long-term goals, it did not seem to allow for a prompt reaction to a change in the political context or to a substantial change in demand.' Consequently, one of the specific objectives for the revision of the instrument is to reinforce the flexibility elements in the EDF so as to ensure that the 11th EDF is 'even more responsive and flexible and can tackle the evolving situations of beneficiaries, including responding to external shocks, crisis or transition and fragility situations'.²¹³

Ad-hoc reviews of programming also allow for the allocation of previously unprogrammed funds or the re-programming of unused funds. Reviews, including mid-term reviews, should then be aligned as closely as possible with the country planning cycle. This guarantees flexibility throughout the programming cycle. For EUDs operating in fragile states, ad-hoc reviews and flexibility are crucial tools as they provide an opportunity to align with country strategies at a later stage. This is illustrated, for example, by the situation in **Zimbabwe** (see **Box 8**) and the EU's programming response to Liberia in the context of the Ebola crisis (See **Box 9**).

Box 8 Adapting to a volatile context: Zimbabwe

The EUD in Zimbabwe decided that it was not possible to wait for the next elections before engaging and providing support in the context of a transition towards democracy. The EUD thus had to reconcile the interim programming with the possibility of future changes - a form of flexibility built into the programming guidelines. The EUD drafted a Country Strategy Paper (CSP) and did not align it with national documents on account of technical flaws and because the government was not regarded as being sufficiently stable. But the CSP included an option for an ad-hoc review of the CSP and programming documents in 2015, when the Zimbabwean government will be publishing a new plan for 2016 and 2020. Although the EUD does not expect there to be many changes in most sectors, there may be divergent views in sectors such as access to the justice.

Only about a dozen survey respondents said that they expected changes in the short and medium term that would require programmes to be reviewed and adjusted. Where respondents did expect changes to be made to NIPs, the reasons tended to vary. Some are country-specific and relate to changing security situations, which respondents said required a shift in geographical focus. Other reasons quoted were fluid

²¹¹ Interview in June 2015.

²¹² Interview in July 2015.

²¹³ European Commission, 2011g: p. 17.

political situations, which influenced the success of the chosen general budget support modality, and the realisation that a lack of absorption capacity required adjustments. One respondent pointed out that, as joint programming was due to start in 2018, this would prompt joint programming participants to review their portfolios. One respondent claimed that the overall NIP country allocation needed to be adjusted upwards so as to better reflect country realities. Finally, a number of respondents emphasised that EDF programming would have to be adjusted in line with the outcome of discussions on the future development agenda in the post-2015 context.

We also found that some EUDs faced challenges in trying to ensure flexibility in practice. Due to the delays in agreeing on a legal basis for programming and the subsequent long-winded ratification process, regular EDF money beyond the Bridging Facility will only be disbursed in mid-2015. Holding a mid-term review just one year after disbursement and NIP implementation had begun was 'a flaw in the system', one of our interviewees asserted. Moreover, MTRs could in reality turn out to be another cumbersome decision-making process at a time when the stakeholders may still be recovering from the initial programming exercise.²¹⁴ In other cases, the flexibility required to change course might be constrained by the choice of modalities, particularly if the GBS modality entailed significant front-loading.

Box 9 Flexibility during the Ebola crisis: Liberia

In Liberia, the EU did not modify its initial priority sectors in response to the Ebola epidemic. However, it did adapt its strategy to the needs of a complex emergency. In terms of the division of labour, other donors (e.g. DFID and USAID) had already increased their support for the health sector, so it did not make sense for the EU also to switch to the same sector, particularly given its limited absorption capacity. Instead, the EU reallocated more funds to budget support (almost doubling the amount), and allowed front-loading in order to accelerate payments. This move was designed to improve economic governance, macroeconomic stability and the provision of basic services, particularly healthcare, by supporting salary payments and improving logistics. As the Ebola crisis triggered an acute economic downturn, budget support should also offset Liberia's diminished capacity to collect taxes. The EU will use the Mid-Term Review to better align with Liberia's new strategy for economic recovery. The EU did in fact respond to the Ebola epidemic by supplying emergency funds and by releasing more Research, Technology and Development (RTD) funds in order to speed up research into possible vaccines.

The twin aims of flexibility and synchronisation also need to be balanced with the principle of predictability, especially as regards sector concentration. While it would be possible in principle to change sectors if a country's planning cycles compelled the EU to do so, aspects of predictability of funding and continuity would have to be considered in making the decision. After all, as one interviewee pointed out, 'we are programming for a long period, with predictability and planning from both sides.' Thus, performing ad-hoc or mid-term reviews does not necessarily create a need to change the entire NIP. Rather, they should be based on the country context. Some respondents even suggested doing away with the MTR and only conducting such reviews in response to requests from and in consultation with partner countries.

Finally, for joint programming "champions" at headquarters²¹⁵, mid-term reviews are an opportunity to align programming with joint programming documents. In many countries, there will be a window of opportunity for aligning with national cycles in 2016. However, this may be too premature, as NIPs will have only just started. MTRs of bilateral cooperation are not due to be held until 2017, while the MTR for PBM is scheduled for the end of 2017.

Sector concentration, division of labour and added value: wishful thinking?

The EU's commitment to a division of labour exemplifies the EU's attempt to streamline the international aid architecture to meet aid effectiveness criteria²¹⁶ and ensure that each European donor²¹⁷ brings added value to partner countries. Concerning the in-country division of labour (as opposed to cross-country), the EU prescribes a maximum of three to five donors per sector per country.²¹⁸ The Agenda for Change commits the EU to enter into a 'dialogue at country level within a coordinated donor framework [in order to]

²¹⁴ At the time of writing, we could not obtain any specific information on the methodology to be used for the EDF mid-term review.

²¹⁵ See below section on joint programming.

²¹⁶ Carbone, 2012: pp. 341-355.

²¹⁷ The term 'European donors' is taken to refer to the European Commission and the EU member states.

²¹⁸ See Council of the European Union, 2007 and European Commission, 2011b.

determine exactly where and how the EU intervenes'.²¹⁹ The Impact Assessment for the Agenda for Change made a basic assumption that the sector concentration of Commission-managed aid would be complemented by other donors or other instruments, although it recognised that real progress in the division of labour had been slow.

Our research indicates that donor coordination considerations may not have weighed heavily in the choice of sectors.²²⁰ According to a member state representative, 'choices made by the EU were the opposite of the division of labour. If they had been serious about it, the rational choice would have been the transport sector, where no other EU [member state] donor remains active.' On the other hand, as a senior World Bank representative pointed out, 'even when donor presence in the sector is high, the needs are so great that the EU's engagement can bring an added value, provided that there is complementarity.'

Box 10 Division of labour and sector choices in the 11th EDF

Based on the donor matrix attached to the NIPs, we looked at the division of labour in sectors where the EC is planning to be active. In at least 10 cases, more than five donors are active in the EC's priority sector:

- energy (one case): seven donors active in Tanzania;²²¹
- agriculture (three cases): six active donors in Tanzania, six active donors in Niger and 14 active donors in Ethiopia;²²²
- employment and social policies (one case): six active donors in Ghana;
- health (two cases): six active donors in Burundi and nine active donors in Ethiopia;²²³
- governance (three cases): six active donors in Tanzania, six active donors in Burundi, and eight active donors in Zambia.

Although complementarity is difficult to assess on the sole basis of the information given in NIPs, it brings us to the question of where the EU's added value lies in the priority sectors chosen. Our research suggests that top-down influence over sector choices may have diluted the principle that the EC should engage where it has a comparative advantage. 'HQ obliged us to enter the energy sector, so we didn't think about whether or not we had added value,' an EUD official said.²²⁴

Box 11 The EU's added value as seen by EUD staff, EU member states and other donors

During our interviews with EUDs, EU member states and other donors, we captured the different dimensions of the EU's added value in priority sectors. However, the nature of the added value imputed to the EU tended to vary from one country to another, depending on the situation. The various forms of added value included the size of commitments and relative financial weight in the sector, gap analysis and focusing on sectors in which there are fewer donors; focusing on sectors in which the private sector does not have many incentives to invest; focusing on local service delivery; focus on sectors in which the EC is engaged in long-term cooperation so as to ensure continuity; focusing on sectors in which the EC has a track record and specific expertise; stronger political leverage and convening power than member states in governance issues, or by joining forces with member states²²⁵ and taking the lead in budget support (which provides opportunities for policy dialogue and shared context analysis). The majority of our interviewees and survey respondents agreed that the EU's greatest added value lay in the size of the commitments and the relative financial weight in the sector.

²¹⁹ European Commission, 2011b: p. 5

²²⁰ That said, the NIP for the Republic of Guinea formulates its objective for the health sector in the following terms: 'Improve access to basic services in intervention zones (...) determined in complementarity with other partners'.

²²¹ During our field mission, several interviewees cited this as a problem. One member state explained the situation in the following terms: 'Have you ever watched eight-year olds play soccer? They all go into the same corner. This is what happens with energy here in Tanzania.'

²²² During our field mission, we discussed the division of labour in agriculture with many of our interviewees. Several (smaller) member states concurred that it was difficult to explain to taxpayers why they had decided not to be involved in agriculture and food security in a country such as Ethiopia, and that it was not because the EC supported agriculture that others had to pull out. Other actors believed that the needs in agriculture were so great that there was room for everybody.

²²³ During our field visit to Ethiopia, we learned that several member states regretted that a choice had to be made between different social sectors (e.g. education and health). Several interviewees thought that, in terms of the division of labour, it would have made more sense to invest in education, where less donors are present, whereas others took the view that the needs in health were too great and therefore had to be prioritised. Other reasons for selecting health included potential visibility gains and joint programming through sector budget support in the health sector, compared with the existing pool fund. In terms of complementarity, a number of interviewees mentioned that the EC could bring added value by supporting health at local level, and focusing on fiscal decentralisation. See

²²⁴ Interview in February 2015.

²²⁵ Unfortunately, we did not gather information on how government authorities, civil society actors or the private sector perceived the EU's added value in different sectors.

EDF programming in the context of joint programming²²⁶

According to the Agenda for Change ‘fragmentation and proliferation of aid is still widespread and even increasing, despite considerable recent efforts to coordinate and harmonise donor activities’. The Agenda calls on the EU to ‘take a more active leadership role, as mandated by the Lisbon Treaty’ and states that ‘Joint programming (JP) of EU and member states’ aid would reduce fragmentation and increase its impact proportionally to commitment levels’.²²⁷ According to the European Parliament, ‘JP boosts the visibility, impact and effectiveness of European development policy, while preventing duplication and waste’.²²⁸ Joint programming improves coherence and complementarity as well as the division of labour, and creates greater transparency about developments in individual sectors, thus informing sector concentration choices. Moreover, it may increase the EU’s political leverage by engendering a coordinated response. Joint programming was mainstreamed in the programming instructions, and received strong political backing both at EU headquarters and in the various capitals. EUDs, member state embassies and development agencies alike were instructed to take the process forward. The situation at present is that 55 countries across the EDF and DCI (28 ACP countries)²²⁹ are engaged in joint programming processes.

Box 12 : Summary of joint programming according to the programming instructions²³⁰

Joint programming (JP) is said to take place when the EU and its member states adopt a common, multiannual programming document for their support to a partner country and take action on this basis. It may require the prolongation of existing bilateral programmes until the start of a new planning cycle. JP calls for a joint analysis and response between the EU and its member states to the partner’s development plans. This requires a double synchronisation, not just between EU planning cycles and those of the national/regional partner, but also of EU member states’ cycles based on a common, multiannual programming document. The feasibility of JP is therefore highly country-specific. It may require bilateral programmes to be extended until the start of the new planning cycle for the partner country or region. During this period, the EUD should facilitate the preparatory process. JP documents should include a description of sectors of intervention, the in-country division of labour and the indicative financial allocations per sector and donor. JP is undertaken in the partner country by the EUD, other EU institutions’ field offices and EU member states’ staff so as to ensure that it is the best possible response to the situation on the ground.

Our survey of EUDs generated a number of findings on the main drivers of and obstacles to joint programming in different country contexts:

- The **main incentives** for joint programming in their respective countries include EU institutions’ interests, which 41% of respondents ranked as being most important, while 47% ranked the interests of member states as being moderately important. No respondents ranked the interests of the partner country government as being most important, while 61% of respondents ranked it as being least important.
- The **main obstacles** to joint programming include member states’ interests (ranked as most important by 40% of respondents and as important by 35% of respondents), followed by the partner country’s interests (ranked as important by 37% of respondents and as moderately important by 26%). Some respondents provided qualitative clarifications, with a number mentioning a disconnect between national governments’ political commitment and the value JP brings on the ground: ‘too much is left to local Heads of Mission’s willingness and not enough to HQ’ or ‘some member states agree on the principle, but in practice are afraid of losing visibility’. Other respondents pointed to the gap between the JP roadmap and implementation: ‘after the initial phases, both the member states and the Delegation lose interest in aligning with government cycles or agreeing on a compulsory division of labour’.

Our two field missions generated additional information on the added value of JP, demonstrating that all depends on country context (e.g. the characteristics of the donor community, the government’s attitude, opportunity costs to conduct JP at a particular time and in a particular context).

²²⁶ ECDPM is currently conducting an independent study on joint programming, which will be published in the second half of 2015.

²²⁷ European Commission, 2011b: p. 10.

²²⁸ European Parliament, 2013a.

²²⁹ 26 in Africa, one in the Caribbean and one in the Pacific. See European Commission, 2015b.

²³⁰ See European Commission/EEAS, 2012a: pp. 12-13.

- In **Tanzania**, all the member states' representatives we interviewed recognised the theoretical value of JP, and appreciated the efforts made by a very committed EUD, but doubted the added value that JP could bring to on-going coordination efforts in Tanzania. The EUD's efforts to coordinate member states in a context in which donors are already swamped by coordination efforts is seen as 'overkill'. Yet the EU's joint analysis efforts (in budget support, energy, etc) are widely appreciated. According to one of our interviewees, the donor keenest on JP in Tanzania is Switzerland! Some donors had engaged with the EC in the initial phases of JP, but pulled out as the process took too long. The problem was a lack of agility at the EC, which compromised national programming and aid allocation (this illustrates the difficulty of aligning programming cycles between the EC and member states).
- In **Ethiopia**, on the contrary, all the member state representatives we interviewed regarded JP as a positive experience. However, given that most member states had their own programming cycles and that the government is due to revamp its own development policy in the near future, the exercise will need to be updated. There has not been any further progress beyond the initial roadmap.

Our survey and the interviews we conducted at HQ and at the EUDs also shed light on how joint programming dynamics have affected EC bilateral programming and vice versa. Although the limitations of our methodology prevent us from identifying any trends, there were a number of interesting findings:

1. **Joint programming and EC bilateral programming processes were not ideally sequenced.** Parallel timetables created additional work and a 'consultation overdose' for both EUDs and the member states. Our field research and survey findings show that, although JP did not completely materialise in an ideal form, it can bring an added value in terms of joint assessment strategies, gap analysis and the division of labour between member states. We did not find any evidence that JP had a significant impact on EC programming choices. According to the survey respondents, joint programming had little or no influence on EU bilateral programming in 85% of cases. This said, experiences with joint analysis (e.g. budget support) underpinning a common EU understanding of partner country challenges did feed into 11th EDF programming choices in some countries. In countries where joint programming has not yet materialised, it is unclear whether the EC's sector choices in the 11th EDF will determine member state sector choices. As one member state development agency representative told us, 'it is not because the EC decides it will focus on agriculture that we member states will therefore decide not to focus on agriculture.'
2. **The credibility of the joint programming process could have been damaged by Brussels interference with EC bilateral programming.** In the case of Tanzania, the EUDs invested a lot of resources in consulting EU member states about sector choices in the 11th EDF. This process was very time-consuming for both EUDs and member states alike. However, three member states' Heads of Cooperation interviewed for this study claimed that the credibility of JP was damaged by HQ interference: 'We had the impression that member states were asked simply to align themselves with the EU's preferences. That's not a credible starting point for JP.' Another member state representative said that 'the attitude that the EU decides and the rest of us then position ourselves around the EU is the wrong signal for JP'. Although our research does not allow us to extrapolate this comment to all countries where JP took place, we do think that it is an interesting indicator that could be present elsewhere, given that Brussels pursued a top-down approach to programming choices, disregarding member states' recommendations, only in a number of isolated cases.
3. **It may be difficult in practice to ensure that joint programming and EC programming are fully aligned.** According to a DG-DEVCO official, 'ideally, joint programming and EC programming are so closely aligned that joint programming should become our bilateral programming.'²³¹ However, given the high level of interference from Brussels in the choice of sectors during 11th EDF programming, which as we saw earlier in this chapter sometimes meant that final sector choices were not always in line with member states' preferences, it is unlikely that top-level DG-DEVCO management would buy into an approach that would give (stronger) member states more control over EC programming decisions. This is despite the fact that one could argue that, in

²³¹ Interview in February 2015.

certain settings, joint programming can lead to smaller donors having to align with choices made by the EU and large member states. A senior DG-DEVCO official we interviewed raised concerns over partner country ownership of joint programming documents if these were to replace EC bilateral programming, 'given that there is generally a limited involvement of partner country authorities in EU joint programming'.²³²

4. **Although mid-term reviews of joint programming (due to take place some time between 2015 and 2016 according to the JP tracker²³³) could offer an opportunity to align more closely with partner-country cycles, the timing is not right for aligning with bilateral programming.** The MTRs for NIPs and the Performance-Based Mechanism (PBM) are expected to take place in 2017. According to a senior DG-DEVCO official, 'review duplications should be avoided. The objective will be to ensure that EUDs do not have to conduct three separate reviews (for the Performance-Based Mechanism, the joint programming MTR and the MTR of NIPs) as this would unnecessarily raise the workload for EUDs.

Chapter findings in a nutshell

The sector concentration policy in the Agenda for Change benefited from high-level political sponsorship and was successfully enforced, with an overwhelming majority of NIPs focusing on a maximum of three sectors.

The policy priorities defined by the Agenda for Change superseded EUD proposals, overruling in-country consultations with partner governments and member states. This top-down approach diluted the EC's commitment to country ownership and the division of labour. Our research also suggests that the co-management system articulated around the National Authorising Officer does not guarantee stronger country ownership.

In terms of synchronisation with national policy cycles and programming flexibility, we identified a number of positive, promising experiences. However, although NIPs are closely aligned with country development plans, it is unclear for the present whether the EC's assessments of the credibility and quality of country policies are based on sound diagnoses. This raises questions about the feasibility of interventions and their potential impact.

In general, programming has remained largely disconnected from a wider EU external action strategy for the country in question, and Joint Framework Documents have not been used to their full potential.

Our research suggests that, in some countries, Brussels' top-down interference with sector choices may have adversely affected joint programming dynamics. Although the MTRs of joint programming (scheduled for 2015 and 2016, to allow for maximum synchronisation with partner countries' cycles) could offer an opportunity to bring bilateral and joint programming processes closer together, in practice it may be difficult to perform MTRs for bilateral programming at such an early stage.

²³² Interview in February 2015.

²³³ European Commission, 2015b.

Chapter 7: Key challenges in the transition from programming to implementation

This final chapter focuses on four key challenges that are likely to mark the transition from programming to implementation, in a context of ‘showing value for money’ and ‘doing more with less’. First, we take a critical look at DG-DEVCO’s approach to managing for results. We then assess the potential impact of DG-DEVCO’s strategy for optimising the use of staff and implementation modalities on the quality of EU aid. Third, we discuss whether sector concentration is the best strategy for achieving a higher impact. Finally, we examine the implications of our research findings for the EU’s development policy post-2015 and post-Cotonou.

Managing for results: is a new framework for aggregating results enough?

A recent evaluation of the EU’s visibility was critical about the EU’s ability to show and communicate concrete results. It recommended ‘focusing on communicating results (as) a sensible strategy that emphasises the EU’s ability to deliver’.²³⁴ At the very beginning of his mandate, former Commissioner Piebalgs replied as follows to taxpayers’ demands for greater transparency and accountability on public spending: ‘The question is how to ensure a high-impact development policy, so that every euro spent generates the most added value and value for money, the best leverage and the best legacy of opportunities for generations to come in the developing world’.²³⁵

The Agenda for Change committed the EU and its member states to strengthening their capacity for monitoring and reporting on development results, enhancing accountability, and raising the transparency and visibility of EU aid.²³⁶ This is a tall order. An audit report published by the European Court of Auditors at the end of 2014 on EuropeAid’s evaluation and results-oriented monitoring system found that the EC’s evaluation systems were not reliable and robust enough, which meant that ‘EuropeAid’s capacity to account for its activities is limited and its reporting gives few indications of the results achieved’.²³⁷

In accordance with the Agenda for Change, DG-DEVCO has made an effort to revamp its approach to managing for results, in the context of post-2015 negotiations and the attempt to define new sustainable development goals (SDGs) to which EU aid will contribute over the next two decades. The new results framework (RF) has been designed to measure results achieved against the strategic development objectives, and to provide information on aggregated key results achieved with EU assistance. Although it is too early to know whether the new RF will be able to address all the weaknesses identified by the European Court of Auditors, the hope is that it will help to produce greater transparency on EU development spending and also inform internal management decisions on how to improve the intervention logic (programming, identification and formulation), thereby improving aid effectiveness.

In line with the policy priorities set out in the Agenda for Change, the RF covers 12 areas and sectors and is associated with 16 out of the 17 SDGs.²³⁸ Indicators were selected on the basis of their quality, data sources, their potential to be aggregated across a maximum of countries, their alignment with SDGs, and whether they are communicable to the general public. Finally, the number of indicators retained for each sector was to be proportionate to the level of spending.²³⁹ The results framework is split into three levels, as displayed in **Figure 7**.

Level 1 represents the medium-term and long-term development impact resulting from collective action on the part of partner countries, donors and other development actors. Level 2 represents development outputs and outcomes that are more closely linked to EU contributions in partner countries. Level 3 represents the organisational performance of DG-DEVCO. Although the levels are intended to be

²³⁴ European Commission, 2012c: p. 72.

²³⁵ Piebalgs, A., 2010.

²³⁶ See also FAC meeting of 14 May 2012 and the EU Council conclusions of 19 May 2014 on an EU Development and Cooperation Results Framework.

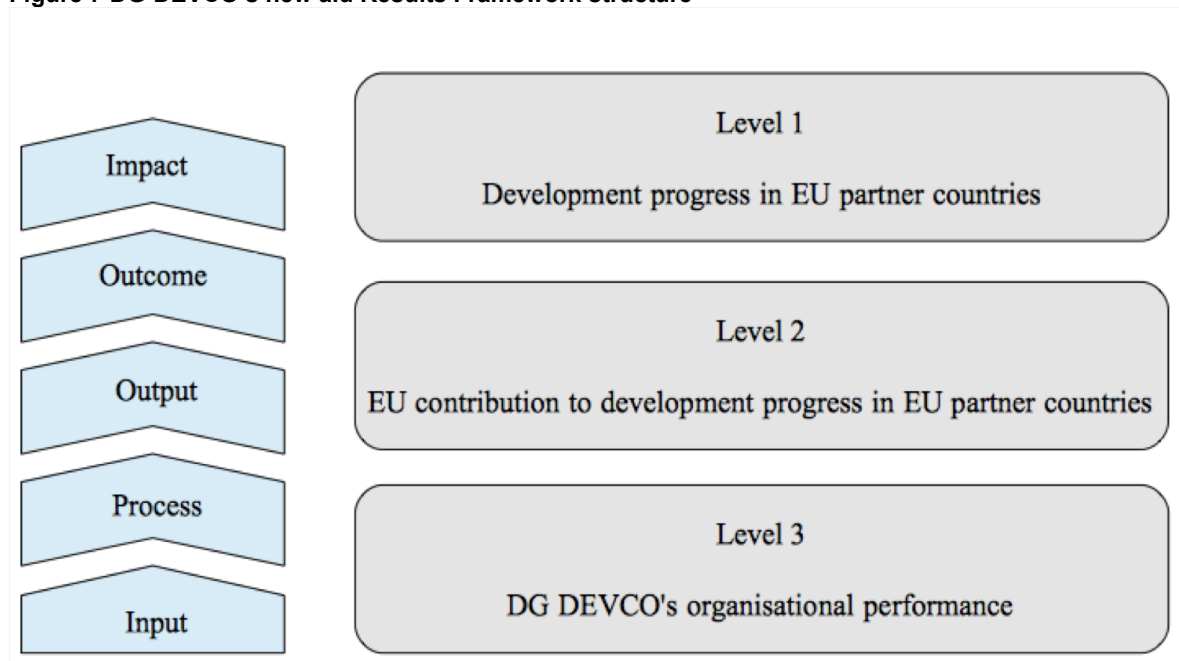
²³⁷ European Court of Auditors, 2014b: p.24.

²³⁸ European Commission, 2015c.

²³⁹ Interview with DG-DEVCO department in charge of quality and results, June 2015.

associated with each other, the links between them are complex to measure, particularly those between levels 1 and 2. For this reason, level 1 is seen as the operational context.

Figure 7 DG-DEVCO's new aid Results Framework structure



Source: European Commission. 2015c: p. 4

Box 13 The process of revamping DG-DEVCO's Results Framework

DG-DEVCO adopted a bottom-up approach. Early on in the programming process (November 2012), HQ sent a note to the EUDs asking them to choose a measurable and understandable target for each of the sectors for what the intervention is intended to achieve. On the basis of the EUDs' input, and in collaboration with the EEAS, DG-DEVCO then prepared a list of indicators. This was presented first in a Sector Indicator Guidance for Programming, issued in July 2013, then in a Staff Working Document published in December 2013. In the autumn of 2013, DG-DEVCO began revising all the draft NIPs and MIPs. Starting with the indicators proposed by the EUDs, HQ reviewed the log frames and checked that they included sound indicators, baselines and reliable data sources. Specialist staff were called in to ensure that the indicators reflected EU policy commitments. By autumn of 2014, the bulk of the NIPs and MIPs had been reviewed.

A pilot exercise with 20 EUDs was launched to test reporting against level-2 indicators. This exercise took place between May and July 2014, and resulting in further adjustments being made to the list of indicators in the results framework. However, the process of finalising the results framework took much longer than expected. According to one of our interviewees, 'different units at DG-DEVCO were fighting to have their issue reflected in the framework'. It was not until April 2015 that DG-DEVCO published the Staff Working Document 'Launching the EU International Cooperation and Development Results Framework', with a final list of indicators and methodological notes.²⁴⁰ Efforts are currently being made to familiarise DG-DEVCO and its staff with the RF and engender the 'cultural shift' that is required in order to ensure that staff 'manage for results' as opposed to merely 'complying with reporting requirements'. A team of 80 trained consultants will visit the EUDs to extract country-level information that can feed into the first results report and annual report 2015. As a follow-up to the new RF, the Action Fiche Documents have also been revised.²⁴¹

From an HQ perspective, launching a new EU international cooperation and development results framework is a major achievement, not only because 'it meets a top political priority for managing better for results with the aid of limited resources', but also because 'it brings meaningful change in how DG-DEVCO reports on the significant amount of funds it spends and, hopefully, will truly measure performance'. In this sense, it brings about a 'culture change' at DG-DEVCO, in which 'reporting is no longer a matter of

²⁴⁰ European Commission, 2015c.

²⁴¹ These fiches are project-specific. They include a description of the project to be implemented, its total cost and the management method used. From a programming perspective, they are based on the Annual Action Plans, the latter building on the CSP and/or the NIP.

compliance, but of bringing knowledge back into the system and influencing implementation and future programming'. As a senior DG-DEVCO official claimed, 'the RF will allow us to orientate cooperation where the impact is higher and will provide more solid evidence that we are in the right sectors, with the following caveat in mind: EU ODA is increasingly channelled to fragile countries, where results may be weaker and more difficult to obtain'.²⁴²

The survey and interviews generated information on how the EUDs experienced the process of designing an RF and how this affected the programming exercise:

- **The initiative was welcomed by the EUDs.** In fact, many partner countries do not yet have sufficient capacity for designing realistic indicators and producing high-quality statistics.²⁴³ An interviewee working for an EUD told us that 'choosing robust indicators from a menu would make our lives much easier'.²⁴⁴
- **In terms of HQ-EUD dynamics,** according to 25% of respondents, optimised blueprints developed by HQ had a significant influence on the choice of indicators in the NIPs, with an additional 60% reporting it had 'some influence'. One of the interviewees told us that 'we had more arguments about indicators with Brussels than with the government. HQ wanted concrete numbers.' Several interviewees referred to a letter in which HQ asked the EUDs to indicate 'how many lives would be saved' and also complained that they were asked to produce their indicators at a time when the NIPs had not even been drafted yet.

The main challenge at the moment is to maintain quality standards and ensure that capacity matches ambition in terms of results and impact monitoring. As one of our interviewees pointed out, 'improvements in methodology, professionalisation and change of procedures will not happen overnight, but there should be a higher level of commitment'.²⁴⁵ This means that DG-DEVCO will need to ensure that 'there is a critical mass of people who understand the RF process, can retain knowledge and feed it back to the process. A two-day training course is not enough'.²⁴⁶

With the higher proportion of administrative expenditure in the EDF, DG-DEVCO will need to adjust its human resources management policy to better reflect its current needs, in terms of expertise, monitoring results and managing knowledge. This is clearly an issue that requires attention from both HQ and the EUDs. Such a human resources management policy should be linked to DG-DEVCO's new Learning and Knowledge Management Strategy and to its strategy for optimising the use of human resources and implementing modalities in EUDs.

DG-DEVCO's strategy for 'doing more with less'

During her hearing at the European Parliament in the autumn of 2014, HR/VP Federica Mogherini recognised the important role played by the EUDs in representing the EU and managing community policies abroad.²⁴⁷ Building on the ideas that came out of the 2013 EEAS review, the new High Representative has pledged to restructure the EEAS management system and to deploy resources to EUDs, taking account of changing political priorities and the dynamics on the ground. This ambition resonates well with the European Parliament's call for the modernisation of the EU's network of Delegations to 'meet the needs of EU foreign policy in the 21st century', including 'by adapting the number and knowledge of staff'.²⁴⁸ Yet the process will unfold in a context of shrinking resources. To use HR/VP

²⁴² All quotes are from an interview with a senior DG-DEVCO official and other staff of the Quality and Results unit in June 2015.

²⁴³ According to the OECD, only 10% of the aid beneficiary countries surveyed had sound frameworks for monitoring and assessing development results in 2008 (see OECD, 2008 survey on monitoring the Paris Declaration, 2008 quoted in De Hennin, C. and Harm, R., 2011).

²⁴⁴ Remote interview in March 2015.

²⁴⁵ Remote interview with EUD staff in March 2015.

²⁴⁶ Interview with a senior DG-DEVCO official and other staff of the Quality and Results unit in June 2015.

²⁴⁷ European Parliament, 2014a.

²⁴⁸ European Parliament, 2014b.

Mogherini's own words, 'overall budget constraints may require tough decisions'.²⁴⁹ Mandatory staff cuts will be imposed on all DGs at the European Commission (set at 5%).²⁵⁰

Moreover, the EUDs will be confronted in the coming years with an increase in their average workload, resulting not only from staff cuts, but also from the backloading of 46% of the funds remaining²⁵¹ from the previous budgetary period and a further increase (of around 9%)²⁵² in overall allocations for the current budgetary period.²⁵³ Against this backdrop, DG-DEVCO launched Optimus in July 2014. This is an exercise designed to improve the efficiency of the EUDs by optimising the use of DG-DEVCO staff and implementation modalities at the EUDs. In an internal letter made available to the public, Director-General Frutuoso de Melo calls for the EUDs' 'full cooperation to ensure that we can keep development aid manageable in the future'.²⁵⁴

Box 14 Optimising implementing modalities and the use of DG-DEVCO's staff at EUDs (Optimus)

Optimus is a corporate exercise and instrument aimed at:

- 1) streamlining the management of development aid in the current context of compulsory staff cuts, a higher average workload at the EUDs, and higher overall country allocations;
- 2) reating similar working conditions for all Delegations.

Optimus is designed along two main axes:

- a. **optimising the use of implementing modalities**, notably by means of a better mix. This includes measures such as simplifying financial procedures in budget support and programme estimates; increasing the average contract sizes for certain types of contracts (thereby reducing the number of contracts and lightening the workload); improving the mix of implementation modalities, e.g. by outsourcing work through framework contracts, making use of sub-granting to make calls for proposals more manageable, and by using budget support (which is seen as an efficient implementation modality).
- b. **optimising the use of staff at EUDs**. The idea is to detect Delegations in a situation of capacity shortage, those already in a 'comfort zone' and those that are currently comparatively over-staffed. This should provide evidence to guide management decisions to rebalance staff and achieve an optimum workload across EUDs. Changes operate at the extremes, meaning that the exercise affects around 2.5% of the total staff allocation to African Delegations.

The exercise was conducted using a **three-step iterative approach**, starting with a baseline projection for each EUD, covering a timespan (2014-2020) and based on existing and future portfolios (i.e. bilateral, regional and thematic). This was followed by a reality check in which all EUDs were invited to comment on the baseline projections. The final step was a multiannual redeployment plan for DG-DEVCO staff, including relocations and cuts. **Optimus used the number and type of contracts per employee as a proxy for calculating EUD workloads**. It was decided that the optimum number of contracts to be managed per employee was 20.8 for finance and contract staff and 7.8 for operational staff. These are global standards. The figure is then set against the specific circumstances of the EUD in question (such as living conditions, size, number of sectors, political stability, etc.) to ensure that the weighting is adjusted to the reality of each Delegation.

Optimus will be conducted on a regular basis and will revolve around three different instruments:

1. the rotation of officials;
2. the mobility of contract agents;²⁵⁵
3. the publication of staff redeployment opportunities.

Proposals for staff cuts and shifts are discussed at DG-DEVCO's Geographic Directorates and with the EEAS. At the time of writing, projections were being replaced by 'implementing plans', which offer a clearer picture of the implications for the thematic and regional portfolios. Mid-term reviews will provide an opportunity to ensure that staffing levels are commensurate with the absorption capacity of the country in question.

Sources: Frutuoso de Melo (2012), and interview with senior officials at DG-DEVCO.

²⁴⁹ Herrero, and Galeazzi, 2015.

²⁵⁰ The interinstitutional agreement on budgetary discipline, cooperation in budgetary matters and on sound financial management calls for a progressive 5% reduction in staffing levels at all EU institutions, bodies and agencies by 2017. See Council of the European Union, 2013.

²⁵¹ Letter publicly available, Frutuoso de Melo, 2014.

²⁵² Interview with a senior DG-DEVCO official in June 2015.

²⁵³ This could be the direct result of the graduation policy under which fewer countries are eligible for EU aid, while the overall volume of aid volume remains stable.

²⁵⁴ Frutuoso de Melo, 2014.

²⁵⁵ The European Commission recruits contract agents for a fixed maximum period to do manual or administrative support-service tasks or to provide additional capacity in specialised fields where insufficient officials with the required skills are available.

From a HQ viewpoint, Optimus has a robust methodology (largely validated by the EEAS and Heads of Delegations)²⁵⁶ and brings benefits as a management tool for both the EEAS and DG-DEVCO. According to DG-DEVCO management, Optimus provides:

- useful information on how EUDs, and DG-DEVCO overall, implement development aid;
- objective information for both HQ and EUDs on the capacity needs of EUDs and how best to rebalance workloads between EUDs;
- a dynamic analysis (allowing resources to be adjusted to changes in fragile countries on an annual basis, testing workload hypotheses with the realities each year, etc.);
- pointers on what EUDs need to do (notably with regard to the use of aid modalities) so as to achieve an optimum workload balance in the future;
- evidence that will allow management to mobilise the right thematic expertise at the right time and place and to encourage thinking on future innovative scenarios (e.g. regionalisation, pooling thematic expertise or regrouping contract and finance staff from different EUDs).

However, as a senior member of DG-DEVCO management pointed out, ‘Optimus should be seen against the background of a change management process. Although Optimus is not a big bang, it does create tensions among its users because it touches the very essence of who they are’.²⁵⁷ According to DG-DEVCO, ‘efforts were made to ensure that Optimus followed a bottom-up logic’, ‘balancing the need to consult EUDs and inform staff, while at the same time communicating the final results at the end of the process so as to manage frustration’.²⁵⁸

The EEAS was initially concerned by the impact that Optimus would have on the EU’s diplomatic presence in the various countries. The EEAS was worried that reducing the EUD staffing levels would decrease their political weight, and also that the exercise was disconnected from a strategic vision of what the EU wants to achieve in a specific country. As one of our interviewees at the EEAS said, ‘we feel the exercise is balanced, so we see no immediate danger, particularly because Optimus is performed on a continuous basis. However, we do recognise that it could affect the ability of DG-DEVCO staff to engage in a policy dialogue, for instance on climate change. Optimus should be linked to the overall picture: what does the EU want to achieve in a particular country?’²⁵⁹

Our survey revealed some of the (initial) concerns of EUDs (notably those of Heads of Cooperation and Heads of Section).²⁶⁰ According to nearly 40% of respondents, Optimus will greatly affect the EU’s ability to deliver quality aid. Nearly 80% are worried that it will affect EUDs’ coordinating ability to a great extent, while 55% think that this is true to a certain extent. 30% think it will affect the EUDs’ representative role to a great extent. 17 survey respondents provided additional comments shedding light on the main concerns of the EUDs:

- **The exercise seems to respond to a purely managerial concern**, and is disconnected from a long-term strategy for the External Action Service and the role played by EUDs in relation to the EEAS. The following quotes from EU officials working in Delegations are illustrative: ‘They should have asked themselves: Where do we want to be in five years’ time? What do we need to get there?’, ‘Cuts need to be made, but they need to be clever, not applied evenly across the board’, ‘We need to rationalise and do more with less, but we need to do it intelligently.’
- **The proxy used to assess the Delegations’ workload** i.e. the number of contracts per employee and the size of contracts, **was severely criticised** and described by survey respondents as ‘unprofessional’, ‘wrong’, ‘absurd’, ‘apothecary management’, ‘totally opaque’, ‘ludicrous’, ‘ridiculous’ and ‘short-sighted’.

²⁵⁶ Optimus has inspired similar exercises at the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and the Service for Foreign Policy Instruments (FPI).

²⁵⁷ Interview with senior DG-DEVCO official, June 2015.

²⁵⁸ Interview with senior DG-DEVCO official, June 2015.

²⁵⁹ Interview with EEAS official, July 2015.

²⁶⁰ Our survey was conducted before DG-DEVCO discussed the current state of play and the next steps in relation to Optimus with EUD Heads of Cooperation and Operations during the DG-DEVCO days at the end of March 2015.

- The assumption that, by increasing the contract size, EUDs will be able to significantly reduce the average workload may not hold in practice. Although EUDs in many countries have more human resources than EU bilateral donor missions, they also perform different roles that go beyond managing bilateral aid. Without sufficient resources, EUDs will not have sufficient capacity to fulfil their post-Lisbon Treaty mandates. One survey respondent mentioned that 'EUD roles are moving towards a more political approach, which takes time, commitment, reactivity and more resources'. Several EUD staff interviewed claimed that Optimus does not take sufficient account of non-contractual issues. 'The weighting of contracts does not include the time we spend on analysis, dialogue and political negotiation,' a Head of Cooperation said. Another pointed out that 'HQ does not take account of the time that EUDs spend coordinating with member states and taking the lead in joint programming. Both are extremely time-consuming.' Another member of staff said that 'HQ has not taken sufficient account of the challenges of managing larger and larger aid volumes in developing countries with limited absorption capacity.' A member state representative said that 'reducing EUD staff is a wasted opportunity, particularly in relation to joint implementation.'²⁶¹
- **Increasing the size of contracts should not be the main driver for choosing an aid modality.** Optimus also recommends the use of budget support as an effective aid modality. However, 'whether or not the EU should use budget support should be conditioned not by internal management problems, but by the context and what the EU wants to achieve in that particular country,' an experienced member of DG-DEVCO staff commented.²⁶² Moreover, it may not be feasible to increase the size of contracts with civil society organisations in certain situations, given the limited absorption capacity of local organisations and the legal obstacles to cascading grants through national umbrella organisations or international civil society organisations.
- EUDs are also worried that EU aid effectiveness will be compromised if staff cannot dedicate sufficient time to policy dialogue, context analysis, monitoring and learning in general, at a time of rising EUD budgets for development cooperation per country. As an interviewee pointed out, 'you cannot make staff cuts and expect that these will not have any adverse effects on the quality of your aid.'²⁶³ As one member state representative stressed, 'staff cuts will affect the EUDs' ability to discuss issues with their partners and to engage in a technical dialogue about implementation issues'. Optimus encourages EUDs to outsource 'content' work if they lack the expertise and/or staff for particular projects. A survey respondent asserted that Optimus will produce 'a money provider-only approach. A loss of expertise will mean that the EUDs will need to rely more and more on other people's technical, economic and political input.'

Ensuring that aid has the greatest possible impact requires first and foremost that DG-DEVCO commits to deploying resources and staff with the right expertise. Whether the EUDs are well equipped in terms of staff to deliver high-impact aid goes beyond Optimus. 'Generally speaking, no thought is given to the question of whether the right people are in the right place in terms of responsibilities and what is needed to deliver,' another interviewee pointed out.²⁶⁴

The reality is that, over the past few years, EUDs have focused on recruiting contract managers rather than technical specialists. This trend is likely to be reinforced by Optimus. 'What the management need to do is adopt a much more qualitative approach rather than focus on the quantity of staff. Either they care about aid effectiveness and the quality of aid or they acknowledge that most staff are going to be purely contract managers,' a member of EUD staff commented.²⁶⁵ According to an EEAS HQ official, 'in the old days, in-house experts used to plan projects and conduct dialogue. Nowadays, they are just administrators.'²⁶⁶ And another member state representative claimed that 'EU staff are strong on financial management, but there are very few technical specialists. Compared with other donors, they seem to be more of a collection of contract managers. This is likely to impact on the quality of their aid.'²⁶⁷ Interestingly, according to 76% of our EUD respondents, EU expertise is key in injecting added value in priority sectors.

²⁶¹ Interview with member state representative in December 2015.

²⁶² Interview in December 2014.

²⁶³ Remote interview with member of EUD staff in March 2015.

²⁶⁴ Interview with senior member of EUD staff in December 2014.

²⁶⁵ Interview in March 2015.

²⁶⁶ Interview in March 2015.

²⁶⁷ Interview in February 2015.

Several EUD and member state stakeholders were concerned that EUDs were ill-equipped to enter the energy sector. In the words of an EUD interviewee, ‘the EUDs have limited technical capacity in the energy sector. The assumption is that blending and linkages with European banks will be important in energy, but EUDs do not generally have a strong grasp of how blending is supposed to work.’ An EUD Head of Sector said that ‘in energy, we start from nothing. We don’t have any expertise, we don’t have sector analysts in the country, and energy is a highly politically sensitive issue.’²⁶⁸

The reallocation of staff and expertise from transport to energy needs to be carefully managed. This transition is likely to affect Contract Agents specialising in transport, who are likely to be gradually replaced by energy specialists. However, it is also likely to affect the profiles of Heads of Section. Although managing work contracts in infrastructure may be a common key area of responsibility for both the transport and the energy sectors, each has its own specificities that require a different type of expertise. As one of our interviewees pointed out, ‘roads will still feature in regional cooperation and transport expertise will still be needed. This goes beyond expertise in managing works contracts.’²⁶⁹ In addition, the reality is that EUDs intervene in many more sectors than the three prescribed by the Agenda for Change, and that a certain minimum amount of specific expertise is still required to manage these interventions effectively. EUDs will still need to manage ongoing interventions funded by past EDFs in other sectors, interventions across different thematic instruments and programmes²⁷⁰ and delegated cooperation, in addition to EDF-funded programmes.

HQ management are aware that optimising the use of staff in EUDs will also require DG-DEVCO to devise an effective knowledge management (KM) strategy so as to compensate for dwindling resources and shifting expertise. Indeed, a decrease in staff capacity could translate into a drying out of subject-specific expertise at the EUDs, particularly if the profile of ‘generalist administrator’ is preferred to that of ‘thematic specialist’. Moreover, the problem will also need to be addressed by HQ management, who will increasingly need to combine technical and sectoral expertise with country knowledge in order to efficiently mitigate this risk and provide relevant and high-quality advice to EUDs. As DG-DEVCO’s Knowledge and Management Strategy for 2014-2020 states,

‘The reduction of staff foreseen in the MFF 2014-2020 will need to be applied without impairment of the performance of DG-DEVCO tasks, duties and functions. Taking into account that the development funds managed by DG-DEVCO in 2014-2020 will further increase, DG-DEVCO will have to better use its most important assets: its staff [....] The key challenge is to ensure that DG-DEVCO becomes a learning organisation, knowledge-based and perceived by EU member states and other donors as a centre of excellence, having a comparative advantage in its focal areas.’

A survey respondent said that ‘HQ needs to think more about creating thematic groups to ensure that we have better thematic expertise. Procedures should be revised so that we spend less time on expenditure control and more on dialogue, where the EU has a real added value to offer.’ The key focal areas identified in DG-DEVCO’s knowledge management strategy are summarised in **Box 15**.

²⁶⁸ Interview in March 2015.

²⁶⁹ Senior EUD official interviewed in February 2015.

²⁷⁰ See CONCORD, 2014.

Box 15 DG-DEVCO's Learning and Knowledge Management Strategy for 2014-2020 in a nutshell

Based on a comprehensive survey conducted at both HQ and the EUDs, DG-DEVCO's Learning and Knowledge Management Strategy (LKMS) identifies three key areas that require special attention:

- 1) **People and corporate culture:** improve the capacity for knowledge management (KM); develop expertise and make use of it; maintain the institutional memory; develop collaborative working methods.
- 2) **Business process and organisation:** improve business processes; improve organisational learning by means of evaluations, monitoring and quality support; introduce continued, mainstream, and methodological guidance; improve the quality of content, in particular; improve document management; improve access to external knowledge and research into development and the use made of this external knowledge and research.
- 3) **Learning, including training and e-learning.**

At the highest level, the LKMS is designed to improve knowledge flows at DG-DEVCO, with the double objective of enhancing effectiveness and supporting the development of more evidence-based policies. The premises are promising. First, the strategy clearly spells out why DG-DEVCO is investing in learning and knowledge management. It candidly acknowledges the challenges that DG-DEVCO has been facing as a knowledge organisation, and aims to counter them with pragmatic KM practices and approaches. Also, while the document builds on the good practices of peer organisations, it takes care at the same time to ensure that they fit with DG-DEVCO's needs. It avoids falling into the 'magic bullet' trap. The main challenge will be to implement DG-DEVCO's ambitious vision, with organisational change management as the main potential obstacle. DG-DEVCO seems to be aware of this and plans to join forces with the internal communications team so as to keep staff regularly updated about the process and the improvements it is making in order to fully leverage its internal learning and knowledge.

Is sector concentration the right strategy for high-impact aid?

Aid has traditionally evolved around the concept of 'sectors':

- most partner countries set their budget allocations by sector;²⁷¹
- sector ministries are responsible for sector planning and management;
- donors base their interventions on partner countries' sector definitions and sector policies;
- sector budget support for government-led sector programmes has become the preferred aid modality;²⁷²
- donors coordinate their activities in individual countries at sectoral level, and report ODA and results according to sector codes.

As we have seen in Chapter 5, there are many good reasons for adhering to the principle of sector concentration. Focusing aid on a limited number of sectors means a more strategic use of scarce resources and a 'critical mass' of funding in key sectors, thus maximising leverage for the donor and ensuring a clear focus of expertise. Sector concentration facilitates donor mapping, and by bringing

²⁷¹ As the World Bank points out, 'budget allocations in institutions, as well as at country level, are made by sectors or ministries, and governance and accountability structures follow similar sectoral limitations with sectors holding themselves accountable for results within their own domains' (World Bank, 2013).

²⁷² Sector-wide approaches (SWAs) entered the international aid arena in the late 1990s as a way of addressing aid effectiveness and partner countries' ownership issues. The key components of an effective SWAp are: (1) a clear, nationally-owned sector policy and strategy; (2) a medium-term expenditure programme that reflects the sector strategy; (3) systematic arrangements for programming the resources that support the sector; (4) a performance monitoring system that measures progress and strengthens accountability; (5) broad consultation mechanisms that involve all significant stakeholders; (6) a formalised government-led process for aid co-ordination and dialogue at sector level; (7) an agreed process for moving towards harmonised systems for reporting, budgeting, financial management and procurement (OECD, 2006). SWAs have evolved over the years and now the term '(sector) programme-based approach' (PBA) is often used to refer to a development cooperation framework sharing a number of principles. These include domestic ownership and leadership of development, policy coherence, use of local systems, focus on development results and donor harmonisation and division of labour. Sector PBAs are also known as 'sector-based approaches' (Cabral, 2009). The 2005 Paris Declaration supports the use of PBAs and sees budget support, whether sectoral or general budget support, as the preferred aid modality. Both of these can be used in support of SWAs. As Riddell writes, 'the assessments typically made by development agencies for entering into budget support require that many of the SWAp components are in place, and across the economy when it is general budget support. [...] Some donors have chosen to sequence their adoption of the new aid modalities, utilising, for instance, sector-wide programmes as the handmaidens of budget support, ensuring that capacities are developed, budget systems run with assurance, etc.' (Ridell, 2007).

transparency, it helps to improve complementarity. It also reduces the transaction costs for partner governments, contributing to aid effectiveness.

Most EUD survey respondents share the view that there is no better alternative to sector concentration.²⁷³ This is despite the fact that our analysis shows that EUDs struggle to define sectors in a narrow way as prescribed, and many believe that their NIPs really contain more than three sectors, despite appearances. Certain sectors such as sustainable agriculture, food security, rural development, environmental management and governance contain a wide range of policy areas all of which require attention in order to produce results. This difficulty has been translated into a multi-sectoral approach to sector definition as opposed to a narrow definition of sectors. We have seen cases in which NIPs include transport in rural development, combine health and social protection, or employment and education, and adopt a multi-level, multi-dimensional approach to governance support.

The EU's Agenda for Change Impact Assessment hinges on the premise that sector concentration leads to better results and produces a higher impact. This is underpinned by multiple assumptions:

- more financial support in a limited number of key sectors leads to better results;
- donor interventions in limited, narrowly defined sectors lead to better results;
- a qualitative donor division of labour precedes sector choices in all countries and sectors;
- donor sector concentration helps to reduce programme fragmentation;
- the optimum number of sectors per donor and the optimum number of donors per sector is the same in every country and sector (as implied by the maximum of three sectors per country or four if the country in question is a 'fragile country').

There is growing evidence that these assumptions may be flawed.

- The ideal volume of assistance to sectors, and the optimum level of donor presence, depend on the particularities of the sector and the country in question. One of the findings of a study conducted on behalf of the OECD Task Team on Division of Labour and Complementarity was that 'the volume of an aid activity or a sector engagement does not equal its impact on development outcome.'²⁷⁴ The OECD study recommends not setting 'an absolute benchmark for the optimum number of donors per sector or the number of sectors per donor which could be seen as ideal across all sectors and countries.'²⁷⁵
- The quality and impact of an intervention does not depend solely on the financial volume. A Dutch review of SWApS suggests that 'larger flows of aid are good for achieving quantified results, which are relatively easy to measure at the level of output and outcome. When measuring impact, however, it is the quality of the interventions that is important, i.e. institutional development, capacity-building and regulation – factors which cannot be improved by funding alone.'²⁷⁶
- Some sectors require a broad scope at a policy level and a narrower, sub-sector, or multi-sector approach at an operational level. For instance, in the agriculture sector the 'key policies, investments and services are not under the control of a single ministry, but are spread across different sectoral agencies, at both central and local government levels,'²⁷⁷ thus raising the legitimate question of whether the Ministry of Agriculture is the most suitable body to host a policy dialogue.²⁷⁸ A sector-wide approach with a broad scope may be desirable at a policy level 'to build coherent policies and address the multifaceted character of the sector'. But at an operational level such a broad scope may amplify coordination difficulties, so that 'sub-sectoral approaches may be a more pragmatic way of dealing with the sector's complexity, provided there is a wide enough policy framework ensuring that synergies across different thematic areas of sub-sectors are fully explored.'²⁷⁹ In the case of nutrition, the

²⁷³ One survey respondent advocated flexibility in allowing EUDs to choose between geographic, sector or actor concentration depending on local circumstances.

²⁷⁴ Bűrcky, 2011.

²⁷⁵ Bűrcky, 2011.

²⁷⁶ Dutch Ministry of Foreign Affairs, 2006: p. 8 (quoted in Ridell, 2007).

²⁷⁷ Cabral, n.d.

²⁷⁸ Cabral, n.d.

²⁷⁹ Cabral, 2009: p. vi.

problem is multi-sectoral, and requires multi-sectoral solutions in ‘health, agriculture and food security, social protection (especially social safety nets), poverty reduction (albeit not a traditional ‘sector’), education (especially girls’ education), water and sanitation, environment and climate change, the private sector, and trade and intellectual property rights (especially in view of the growing role of the private sector in food and health systems in developing economies). Gender and governance issues are cross-cutting across several of these traditional sectors and need to be given special consideration.’²⁸⁰

- Donors’ policy of graduation combined with sector concentration, in a context of an imperfect division of labour, could present donors (and their partners) with the following perverse effects. Large volumes of aid in fragile countries may be directed at sectors with limited absorption capacity,²⁸¹ leading to overcrowding, sector saturation, aid inefficiency and missed opportunity costs. According to an OECD-commissioned survey of 40 developing country governments, ‘many respondents were critical of the way in which some DAC development assistance-providers managed their development assistance ‘exits’ at both country and sector levels’. Real progress has been slow in most countries, despite donor commitment to a division of labour and complementarity. Sector choices are still largely dependent on donor priorities, rather than on a holistic division of labour that meets country needs. Sector concentration is prompting donors to pull out from sectors, ‘often leading to the de-funding of particularly effective programmes or the creation of ‘orphan’ sectors’.²⁸²
- Finally, there is an emerging body of evidence-based knowledge on the drawbacks of using national development strategies as a benchmark for assessing sector aid allocations. ‘First, because the participatory nature of the national development strategy formulation process cannot be taken for granted, these documents might omit some very urgent needs. A number of areas that touch on the needs of the most vulnerable groups, such as gender equality, human rights and hunger, are frequently given low priority in national development strategies [...] and there can be a trade-off between broad participation in the process of identifying national priorities and the government’s ownership of the resulting strategy document. [...] A second weakness of adopting national strategy documents as benchmarks for assessing sector aid allocations is that power asymmetries between donors and recipient governments can distort the definition of national priorities [...].’²⁸³ This is confirmed by Cabral (2009), who highlights the fact that ‘SWAs created expectations of higher funding and led to a public spending bias in the beneficiary sectors.’²⁸⁴

Could there be a better alternative to sector concentration as the best way to achieve results? A number of donors are developing innovative results-oriented, multi-sectoral, thematic approaches to programming. It is beyond the scope of this paper to undertake a detailed analysis of how these approaches operate, but we can give a number of examples here. Some are based on information collected during our field missions.

- **Denmark, Sweden and Finland** have adopted a **thematic approach to programming**. A representative of a Scandinavian agency explained: ‘Instead of defining sectors, we define results in cluster areas and we design programmes that contribute to several results, which complement each other. This allows us to link interventions across sectors. Anything that leads to results can be done!’ This approach allows them to be ‘more opportunistic in attaining mid-term objectives’. According to the Danida Country Programme Guidelines (April 2015), ‘a thematic programme is made up of a cluster of development engagements. Within a thematic programme, each development engagement outcome must contribute to the fulfilment of the thematic objective’.²⁸⁵ Similarly, the Swedish guidelines for results strategies state that ‘results strategies are to state the expected results for selected areas, rather than in traditional aid sectors’,²⁸⁶ acknowledging that it may be necessary to make contributions in several sectors in order to achieve the desired results.

²⁸⁰ World Bank, 2013.

²⁸¹ OECD, 2007.

²⁸² Davies and Pickering, 2015.

²⁸³ Pietschman, 2014.

²⁸⁴ Cabral, 2009: p. iv.

²⁸⁵ Danida, 2015. p. 6

²⁸⁶ Swedish Ministry for Foreign Affairs, 2014. p. 2.

- **DFID** has recently overhauled its approach to programming to ensure that it is 'flexible and responsive to changing political realities and conflict dynamics on the ground'²⁸⁷ and is increasingly **results-oriented**. Under DFID's 'Smart Rules - Better Programme Delivery', introduced in June 2014,²⁸⁸ programming is based on a coherent narrative and evidence-based rationale for how 'resources can best be used to reduce poverty and its underlying causes'. The starting point is a Country Poverty Reduction Diagnostic (CPRD), an analysis of the country's political economy, the causes of poverty, country needs and DFID's comparative advantage. This 'provides a comprehensive baseline of data and analysis (...) and the frame of reference against which individual interventions can be tested'. DFID's 'smart rules' place great emphasis on using 'the best available evidence (research, evaluation results and statistical data) [...] for delivering development programmes that give us the best value for money'. DFID has at its disposal several (sectoral) diagnostic tools that can help in refining the context analysis at intervention level. Programming then requires a 'robust business case setting out the strategic context, evidence and options, delivery plans and an illustration of results'. In fact, the 'Smart Rules' contain very little information on how to approach sectors within bilateral programmes. According to a member of DFID staff whom we interviewed for this study, 'DFID has a dynamic approach to sectors. Although we do get top-down mandates, such as 'doing more for economic development', these are broad topics that cover a lot of sectors'. He also pointed to the need for a sequenced approach to interventions, with a long-term perspective: 'We also reflect on how our interventions impact on poverty. We need to make sure that, when we intervene, we don't actually increase poverty. This sometimes means delaying some interventions until the conditions are right.'
- The **WHO** recently published a training manual on the Health in All Policies (HiAPs) approach, which advocates 'innovative solutions, and **structures that build channels for dialogue and decision-making across traditional government policy silos**'. The rationale of the approach is clearly results-oriented:

*'Our greatest health challenges – for example, noncommunicable diseases, health inequities and inequalities, climate change, and spiralling healthcare costs – are highly complex and often linked through the social determinants of health [...] such as economic and development policies, social norms, social policies, and political systems. In this context, promoting healthy communities, and in particular health equity across different population groups, requires that we address the social determinants of health, such as public transportation, education access, access to healthy food, economic opportunities and more. While many public policies work to achieve this, conflicts of interest may arise.'*²⁸⁹

- The **2015 African Economic Outlook**²⁹⁰ calls for increasingly **place-based and multi-sectoral development strategies in Africa**. It states that 'development strategies should be more than a collection of sectoral policies' and that this can be achieved by balancing sectoral policies, macroeconomic policies and place-based policies in a comprehensive approach. Among the limitations of using a sectoral lens to define policies and strategies are a lack of connection between the different dimensions of development, spaces or stakeholders that are affected, a tendency to intervene along administrative boundaries, and a risk of duplication across line ministries. Ultimately, the sectoral lens is seen as limiting action regardless of the complexity of problem.

The 11th EDF in a post-2015 context

The 11th EDF implementation cycle will unfold in a changing global development framework, including a new agreement on financing for sustainable development. If taken seriously, the post-2015 agenda will have implications for how the EU engages in international and development cooperation and what roles EU aid will play in financing the Sustainable Development Goals. The post-2015 debate has engendered a paradigm shift that seeks to overcome North-South and donor-recipient divisions. Key principles including universality, the need for policy coherence for sustainable development in all countries, and a growing

²⁸⁷ OXFAM, 2014.

²⁸⁸ DFID, 2015.

²⁸⁹ WHO, 2015.

²⁹⁰ AfDB, OECD, UNDP, 2015.

emphasis on shared responsibilities will need to be weaved into EU development policy, the EDF and the future of the ACP-EU relationship more broadly.

Given the scale of the challenges and the broadening of the development agenda post-2015, the role that future ODA should play in all this remains a subject of debate:

- Should ODA concentrate primarily on poverty reduction in the poorest, most vulnerable and fragile countries?
- Should it also play a catalytic role in middle-income countries, where there are also hard-to-reach poverty pockets?
- Should it broaden its definition to include financing the provision of global public goods?²⁹¹

An effective interplay between policies and sources of finance is crucial for achieving ambitious post-2015 goals. More so than in the past, the added value of EC ODA will need to be demonstrated vis-à-vis other donors, other financial flows and in relation to policies - at global, national, and local levels - that influence the effectiveness of ODA.²⁹²

There is a consensus among UN General Assembly members taking part in the Financing for Sustainable Development debate that aid 'should be focused [on those areas] where needs (including financing needs) are greatest and the capacity to raise resources is weakest'.²⁹³ The outcome document of the Third Sustainable Development Financing Summit 'encourages ODA providers to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries'.²⁹⁴ The EU's post-2015 position paper on sustainable development financing confirms this view, adding that ODA is 'an important catalytic element in the overall financing available for developing countries, in particular to those most in need'.²⁹⁵ The EU also wishes to ensure that ODA can be used as an enabler to 'boost other means of implementation', such as improving tax and fiscal policies or unlocking infrastructure projects through the use of blending and public-private partnerships.²⁹⁶

The 11th EDF has clearly been designed to reach those countries 'most in need' from a sustainable development perspective. The allocation criteria in the 11th EDF were drafted to concentrate more aid on LICs and LDCs. There is evidence that financing gaps in social sectors are much higher in low-income than in middle-income countries, and that the latter are likely to have more capacity to raise taxes and to lift people out of poverty.²⁹⁷ This comforts donors in their decision to graduate MICs that are no longer eligible as ODA beneficiaries.

The debate on achieving the post-2015 goals may point to the need to fine-tune and revise EU differentiation and aid allocation criteria by incorporating more nuanced indicators that take account of sub-national differences such as inequalities, in line with the EU's external action commitment to poverty eradication worldwide. The global geography of poverty shows that, at present, middle-income countries (many of which are fragile countries) host the bulk of the world's poor, including those who live just marginally above the poverty line.²⁹⁸ Despite their higher income, MICs may find it difficult to afford the tax burden for redistribution²⁹⁹ without the continued assistance of international public finance. Clear differentiation is a source of concern at the UN General Assembly: 'Concessional finance is reduced as countries' income grows, and [...] countries may not be able to access sufficient affordable financing from other sources to meet their needs'.³⁰⁰ Several scholars advocate a more balanced application of a different

²⁹¹ Keijzer and Klingebiel, 2015.

²⁹² European Report on Development, 2015.

²⁹³ See UN General Assembly, 2014a, or UN General Assembly, 2014b (among many sources).

²⁹⁴ Third International Conference on Financing for Development, 2015.

²⁹⁵ Council of the European Union, 2014b.

²⁹⁶ European Commission, 2015a.

²⁹⁷ Greenhill, et al, 2015.

²⁹⁸ A large number of people live close to existing poverty lines, such as USD 1.25 per day (based on purchasing power parity) for extreme poverty. Estimated headcounts may thus fluctuate significantly, with adjusted pricing data affecting the calculation of purchasing power parity.

²⁹⁹ See ETTG, 2014: pp. 55-65.

³⁰⁰ UN General Assembly, 2015: p. 14.

set of graduation criteria.³⁰¹ Others note that ODA should be channelled towards the poorest 20% of people in all developing countries, regardless of the country's income status.³⁰² Indeed, the case for taking in-country inequalities into account when distributing ODA money is gaining traction, with calls to take account of inequality indicators or disaggregated indicators at a sub-national level and complement GNI per capita with indicators that reveal the country's capacity to raise domestic resources.³⁰³

In Nigeria, the EU has used sub-national indicator levels and targeted resources at the poorest regions in order to ensure that ODA plays a catalytic role. To this end, it has tested pilot initiatives that can be scaled up to national level. The EU Ambassador to Nigeria and the Economic Community of West African States (ECOWAS) is quoted as saying in a recent speech, 'Nigeria is not an aid-dependent economy, with aid constituting less than 1% of its GDP. EU aid is seed money. It is strategically tailored to unlock Nigeria's potential [...] and will focus on the northern part of the country, where indicators are unacceptably worse.'³⁰⁴ This raises the question of what role EU aid can still play in helping MICs to address inequalities, implement the global public goods agenda (including through research and innovation, and knowledge brokering), and mobilise domestic resources (e.g. building tax systems, using blending, etc).

Projections suggest that, by 2030, the vast majority of the world's extremely poor people will be concentrated in today's fragile states and low-income countries.³⁰⁵ These are mostly highly volatile countries in which governance systems and state capacity are weak or non-existent.³⁰⁶ This means that, post-2015, aid will be focused more and more on fragile settings where results are most difficult to achieve. It also raises the question of whether the EC is politically ready and operationally equipped to deliver high-impact aid in fragile and LIC countries. Our analysis of NIPs shows that the 11th EDF is deeply committed to improving public finance management (PFM) and also that it is less keen on channelling aid through general budget support than it was in the past. At the same time, the EC has been less reluctant than many member states to use state building contracts and good governance contracts (for general budget support) in countries where many EU member states would fear to tread.³⁰⁷

Our research also indicates that the 11th EDF programming is generally disconnected from a real debate about how aid - EU aid in particular - should fit into the overall financing for development picture in a given country. In some instances, we found that ODA is used in the form of blending without any consideration being given to the country's regulatory policy, as is crucial for the ultimate impact any financing will have. ACP countries for their part recognise the relevance of EU loan-grant blending in the current context of austerity and the scale of development funding needs, but warn that:

'Blending does not solve all funding problems. The reduction in financing through loan-grant blending does not automatically guarantee development that will have an impact in line with the beneficiary country's objectives. Existing loan-grant blending mechanisms do not sufficiently support the needs of the social sectors and may also entail substantial risks associated with ownership, indebtedness and opportunity cost. In order to optimise the potential of loan-grant blending,

³⁰¹ Glassman and Kenny (2015) argue that some MICs deserve aid attention due to what they call a 'priority ditch' stemming from affordability and priority-setting in areas such as health provision.

³⁰² See Development Initiatives, 2015.

³⁰³ Glennie, and Hurley, 2014.

³⁰⁴ News Agency of Nigeria, 2015.

³⁰⁵ ETTG, 2014.

³⁰⁶ Kharas and Rogerson, 2012.

³⁰⁷ It would go beyond the scope of this paper to analyse where different member states stand on the use of general budget support (GBS). In our field missions we found wide divergences in member states' attitudes to GBS. Member states fall into a number of categories. (1) Those who have less appetite for GBS and are going back to the project modality, and criticise the EC for using 'too much budget support'. (2) Those who are moving towards performance-based finance modalities and are pulling out of GBS. (3) Smaller member states who have an interest in ensuring that the EU remains active in budget support, so that analysis and insights from policy dialogue are fed into meetings of Heads of Missions. And (4) member states that call for the EC to be (even) less risk-averse, arguing that delays in payments discredit GBS as a predictable aid modality, creating negative spin-off effects in dialogues and reducing EU leverage for political reform. As a final point, some partner countries may even be sending signals that GBS is not their preferred aid modality after all, one of the main reasons being that this allows them to keep donors at arm's length on the issue of state reform.

*transparent procedures need to be established for using this mechanism, to ensure effective governance and ownership by the beneficiary countries’.*³⁰⁸

Finally, the 11th EDF has a much clearer focus on global public goods, with the mainstreaming of climate change through most priority sectors (albeit not systematically). Creating synergies between climate change and development objectives³⁰⁹ is an important means of reducing costs and safeguarding the long-term viability and effectiveness of EDF-funded development interventions. However, mainstreaming climate change in aid also shows how difficult it is ‘to draw a clear-cut dividing line between the points where climate finance starts and where development objectives end’.³¹⁰ There are inevitable trade-offs. As we have seen earlier in this study, just over half the countries in our sample prioritised support for a social sector. It is legitimate to ask whether the 11th EDF, in a context of shrinking resources, is in fact diverting ODA away from traditional development objectives and funding basic social services, as is also key to eradicating poverty and achieving the SDGs.

Although the EEAS recognises climate change as a threat multiplier,³¹¹ it is unclear whether the 11th EDF programming (and EU external action) take sufficient account of the medium-term effects of climate change on national development plans, poverty trends, as well as the knock-on effect climate change will have on issues such as migration and urbanisation, land rights, the scarcity of water and other natural resources, food security, and ultimately state fragility. According to one of our interviewees, ‘the global public goods agenda has not yet fully trickled down to all the divisions in the EEAS, and remains somewhat disconnected. It’s something that’s nice to have, but is not yet seen as our core interest.’³¹²

The 11th EDF in a post-Cotonou context

The 11th EDF is the final EDF to be programmed under the Cotonou Partnership Agreement, which runs until 2020. Discussions in preparation for the negotiation of a post-Cotonou framework are now underway, with the ACP Group until recently being more pro-active in launching both political and technical initiatives.³¹³ On the EU side, discussions have picked up with appointment of the new Commissioner for International Cooperation and Development, Neven Mimica, who announced a broad consultation and dialogue process on the Cotonou Partnership Agreement during his Parliamentary hearing. DG-DEVCO has also recently organised round-table meetings with experts and representatives from member states to discuss the future ACP-EU partnership, and DG-DEVCO and EEAS are currently preparing a joint consultation paper that will be submitted to the EU Foreign Affairs Council by October 2015.

Over the years, the Cotonou Partnership Agreement has been lauded as the most comprehensive North-South partnership. It was originally seen as a move away from a donor-recipient focus. Yet criticism continues to be voiced at a partnership that is based predominantly on aid and financial resources, and is still deemed to be constrained by a donor-recipient relationship. Many still regard the EDF as a valuable instrument for channelling stable and predictable funds to ACP countries – perhaps even to the extent that it is the glue that holds the partnership together?³¹⁴ However, the EDF is but one piece in the jigsaw puzzle that is negotiations on the post-Cotonou partnership. One key question is whether to integrate the EDF into the EU budget, which would lead to changes in member states’ contributions to the EDF, since the latter would be aligned with their budget contributions.³¹⁵ Insights from the programming process substantiate the notion of an asymmetric balance of power between the contracting parties and this is an important factor to take into account in designing a future partnership framework,

³⁰⁸ ACP-EU Joint Parliamentary Assembly, 2014.

³⁰⁹ OECD-DAC, 2013.

³¹⁰ European Parliament, 2012.

³¹¹ EC/EEAS, 2011.

³¹² Interview with EEAS official, July 2015.

³¹³ The initiatives include an ACP Ambassadorial Working Group on future perspectives, the 2012 Sipopo Declaration on the future of the ACP Group, an Eminent Persons Group to reflect on the future of the ACP group, which hosted a series of regional consultations and a number of technical studies of the group’s past performance, added value and possible future.

³¹⁴ See Negre, et al., 2013.

³¹⁵ ECDPM is currently conducting a political economy study of the future of ACP-EU relations. This will include some analysis of the EDF. The study will be published in the second half of 2015.

Finally, discussions on differentiation are also likely to feature prominently in the post-Cotonou and EDF budgetisation debates. The EU Parliament has suggested that a clear differentiation can be ‘a vital political tool which can be used to encourage middle and higher-income ACP countries to establish a welfare state and devise national policies to redistribute wealth and tackle poverty and inequality’.³¹⁶ As we noted in earlier chapter 3, ACP countries have expressed concerns that the Cotonou Partnership Agreement does not contain any legal provision for enforcing the graduation principle and that graduation ignores the challenges that higher-income countries could face (for instance if hit by a natural disaster). These debates will be influenced by the discussions on the post-2015 situation and the paradigm shift towards universality, as well as the broader common objectives of the SDG agenda.

³¹⁶ European Parliament, 2013b.

Chapter 8: Main conclusions and pointers for the future

First, the balance between the EU and its developing partners in setting (and owning) priorities has been tilted too far in favour of the EU. At the Fourth High-Level Forum on Aid Effectiveness in Busan in 2011, development partners committed to the notion of the democratic ownership of development policies. It is not easy for any donor to live up to the rhetoric of partnership and faithfully translate Busan and Cotonou commitments on country ownership into practice. Yet there is sufficient evidence in the 11th EDF process to conclude that the EU had the upper hand in deciding on sector choices and that this was done by means of a top-down approach controlled by senior management at EU headquarters. This diluted the principle of country ownership. One could argue that, **where top-down sector choices are made, the EC lowers the policy autonomy of its partner countries.** The EUDs are naturally best placed to be the arbiters of national stakeholders and, despite the fact that the programming instructions recognised this, they were too often disempowered or overruled. Input from civil society actors gathered through in-country consultations led by the EUD and the NAO was seldom a key driver in programming choices. Some EUDs managed to accommodate partner country concerns and were creative in the way they defined sectors so as not merely to comply with HQ instructions, but to satisfy their partner country's preferences at the same time. Perhaps more politically attuned to the need to respect the wishes of partner countries – and of their governments in particular – the EEAS played a positive role in supporting EUDs in this regard.

If the EU is serious about its commitment to country and democratic ownership, **future programming exercises will need to restore the balance more towards national stakeholders.** They will also need to rectify the 'central government bias' by involving local authorities and domestic accountability stakeholders more systematically, and by going beyond participatory processes that are disconnected from real choices. Tough though this debate will be, it will have more value and credibility in achieving country ownership than the tired reiteration of principles (whether Paris, Accra, Busan or Cotonou) that have clearly not been fully implemented yet.

Second, putting a commitment to democratic ownership into practice has important implications for donors. It places the governance dimensions of development cooperation at centre stage, in particular the critical role played by domestic accountability actors in setting policy priorities and budget choices. **The 11th EDF programming focuses sharply on the governance dimension:** approximately one third of funds go to supporting governance as a priority sector and governance is mainstreamed in other priority sectors (health, transport, agriculture, energy, etc.). Support for civil society continues to be a prominent feature of ACP-EU cooperation, and we found innovative examples of NIPs dedicating substantial resources to supporting the EU's engagement strategy with civil society (with the aim of implementing the NIPs in question). **The EU has also done a tremendous job in recent years in developing better systems, guidance and tools to work in LDCs, fragile and conflict states, and in devising country strategies for engaging with civil society.**³¹⁷ These are all positive and encouraging steps.

However, the 11th EDF programming exercise shows that this is 'work in progress' and that there is still some way to go. This applies particularly to understanding the political economy of what really drives change and what are the realms of the possible. **There are concerns that the EC is still reluctant to fully embrace the consequences of an increasingly politically informed approach to development cooperation.** A top-down approach to programming removes the incentives to use political economy analysis: we found scant evidence of programming choices being informed by robust country and sector diagnoses. While this study does not question the relevance of the EU's priority sectors in terms of country needs and the potential for promoting sustainable development, it does raise concerns that the EU may not be engaging in the sectors where it has the most leverage to facilitate and support partner-led change, as the programming choices do not seem to be grounded on solid country and sector context analysis.

Political economy analysis (PEA) is a crucial and respected tool that can help to bring further clarity to the EU's added value and the possible achievement of aid results. Although EUDs have a certain amount of capacity to conduct PEA in-house, the assumption that EUD staff can currently conduct fully-fledged PEAs is unrealistic (in terms of skills and expertise, access to information, incentives and time). **It would be worth performing a more detailed analysis of when and how PEA tools can be used systematically,**

³¹⁷ These are known as 'EU Country Roadmaps for Engagement with Civil Society'.

and what resources, incentives and risk management strategies are required in order to ensure that future programming exercises and ongoing identification and implementation efforts are informed and guided by solid context and sector analysis. Although there are obviously risks to be managed, the benefits (in terms of aid impact) would appear to be significant.

Our research suggests that, in practice, **it may be difficult to honour the commitment to democratic ownership and at the same time adhere to the policy priorities in the Agenda for Change**, and also implement the findings of an effective, systematic context diagnosis. Challenges may arise if the findings of a PEA run counter to the outcomes of inclusive consultation processes or if they result in a recommendation not to engage in priority sectors defined by HQ. Both the programming of the 11th EDF and the choice of sectors were driven powerfully by the objective of ensuring maximum compliance with the policy priorities set out in the Agenda for Change, to the detriment of other guiding principles.

Third, a more fundamental issue is whether a narrow sector focus is actually the best way of approaching programming in terms of generating results. It would be a fundamental shift for the EU institutions and the ACP partners to switch to a different system that focuses more on programming for end results regardless of sectors, rather than concentrating solely on a number of specific sectors. Yet this is a debate that needs to take place. Potentially, it could also lead to an overhaul of the joint programming exercises. It can no longer be assumed that sectors in themselves and programming within sectors are always the best way to achieve results. At the same time, **a well thought-out strategy needs to be devised in order not to undermine country ownership**, which is usually articulated around sectoral ministries. The solution might be to programme for results on a multi-sectoral basis, but to implement the programme on a sectoral basis. Working in harmony with the member states and the ACP partner countries, the EU institutions could launch a more fundamental, evidence-based debate on whether sectors really are the best way to achieve results.

The EU may also need to move towards a more integrated form of programming as part of the post-2015 agenda. Perhaps future EU aid programming could systematically and coherently support the transition to sustainable development in every country, not so much by putting an overall benchmark on social sectors, but by articulating country support strategies articulated around the three pillars of economy, equity, and ecology. This would put climate fragility at the centre of development and EU external action.³¹⁸

Fourth, there is the question of whether and how the EU's strategy to do more with less will affect the EC's capacity to deliver. Staff cuts and redeployment should take place with the following question in mind: what resources are required to fulfil the ambitions set by the Lisbon Treaty (i.e. more coherent, effective, efficient, political and visible EU external action) and the Agenda for Change (i.e. high-impact EU aid)? **If resources cannot be efficiently mobilised, should ambitions be lowered? And if so, by how much?**

There is a need to look at appropriate EUD staffing issues for strategic considerations, beyond the requirement to reduce costs. One suggestion would be for the EU to engage in a multi-stakeholder dialogue on what expertise, resources and incentives are needed for EUDs to conduct quality policy dialogue, context analysis, monitor results and ensure learning. This cannot be just a management exercise, nor can it be done without involving stakeholders such as staff unions, the EEAS and EU member states (the latter being the ones that generally place restrictions on the staffing levels of EU institutions). The EU's aid impact depends largely on how the EU programmes its interventions to fit specific country contexts. It requires the presence of operational staff at the EUDs that are not only capable of managing EC funds effectively, but also possess the right technical expertise (and sector knowledge) to engage in and facilitate a policy dialogue, and have the right incentives and skills to accompany country-led change processes. Success in delivering high-quality and high-impact aid will depend on how successful DG-DEVCO is in putting in place a system of human resources management that matches the EU's vision for its own external action and international cooperation. The question is whether EU development objectives need to be revised in order to be more realistic, and in line with declining (human) resources.

Fifth, there is the question of the added value of EU aid. Against the background of a changing global landscape and changing EU institutional architecture, this is a vital issue. When the MDGs were

³¹⁸ See Rüttinger et al., 2015.

negotiated, ODA was seen to play a determinant role in addressing the pressing problems facing developing countries. Today, SDGs are calling for development finance that goes beyond the reach of aid. **There is a clear consensus that ODA alone will not bring about development and that there is less of a need to rely on ODA alone.** On the other hand, ODA can also be leveraged to generate new development finance. The EC is aware of this and has called for a 'paradigm shift in development cooperation'. It has refined its strategy to leverage funds from the private sector, and increased support for public financial management, as a key means of improving the mobilisation and effective use of domestic resources, and has also stepped up its support for productive sectors for inclusive and sustainable growth. The EC is also mindful of the crucial role that ODA can still play in LDCs. However, we found evidence that **programming is relatively disconnected from wider considerations of how EU aid fits into the broader context of financing for development in specific settings.**

In a post-2015 context, future programming processes may need to place even more emphasis on analysing how aid fits in with partner country strategies for securing their own sustainable development finance in the longer term, how aid complements and meshes in with other types of development finance (whether public or private), as well as the regulatory policy environment. The forthcoming mid-term reviews are a good opportunity to perform a reality check on where the 11th EDF stands in partner countries' development finance landscape.

Sixth, clarifying the programming logic between inputs, outputs and outcomes may not deliver the expected results by itself if programming is:

- a) not based on sound diagnostics at country and sector level;
- b) follows a linear, apolitical approach to development instead of defining a clear theory of change that can be monitored throughout implementation and iterative decision making; and
- c) is based on a unidimensional (i.e. narrow) sector focus that disregards the complex interactions between interventions and actors that eventually produce results and impacts at an aggregate level.

DG-DEVCO's revamped Results Framework is a welcome initiative in this respect. It has the potential to ensure that programming and implementation choices are guided by solid evidence of results in different sectors. The key challenge for its success will be to ensure that ambitions match the available capacity (particularly at the EUDs), in a context of shrinking resources and change management.

Finally, **the Agenda for Change may also need to be revised** in the future to better reflect the post-2015 framework. There is no direct need to adjust policy priorities so as to guarantee the continuity and predictability of EU support. However, there seems to be a consensus about the need for ensuring that EU aid objectives are more realistic, in line with declining human resources and the EU's loss of political leverage.

The Lisbon Treaty commits the EU to more efficient and coherent external action in order to attain the overall objectives of peace, security, sustainable development and poverty reduction. This may compel the **EU to clarify how development cooperation and aid fit within its broader (i.e. more political and interest-driven) external action agenda in its partner countries.** Although the Joint Framework Documents (JFDs) offer certain opportunities for ensuring that connection is made in future programming exercises, more operational guidance and political impetus are needed. There is also a need for a frank debate on why such political documents have been so difficult to produce in the past. It is interesting to note that the EU's commitment to JFDs was subsequently reiterated in the Joint Communication on the 'EU's Comprehensive Approach'³¹⁹ and the Joint Staff Working Document on 'Taking Forward the Comprehensive Approach'.³²⁰ This may be a promising avenue to pursue in future programming exercises. If the EU adopts a more politically informed approach, it will need the presence of multiple stakeholders in Europe and developing countries to robustly hold it to account. This is a precondition to ensure that **a more realistic yet politically visionary agenda to development is pursued, but not one that is driven by the short-term political, economic, and security self-interests of the EU.**³²¹

³¹⁹ European Commission/Council of the European Union, 2013.

³²⁰ European Commission/Council of the European Union, 2015.

³²¹ ETTG, 2014.

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GNI per capita, PPP (constant 2011 international \$), World Bank Development Indicators, <http://data.worldbank.org/indicator/NY.GNP.PCAP.PP.KD>

Missing comparative data for Somalia, Nauru, Niue and Cook Islands (excluded in calculating averages for this indicator for the respective geographic or income groups).

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Missing comparative data for Niue (excluded in calculating averages for this indicator for the respective geographic or income groups)

Previous year data used when 2012 data not available: Somalia (1990), Djibouti (2005)

Nauru (GNI per capita, current US dollars, 2012) UNDP country profile:

<https://data.un.org/CountryProfile.aspx?crName=Nauru>

Cook Islands (GNI per capita, current US dollars, 2012) UNDP country profile: <https://data.un.org/CountryProfile.aspx?crName=Cook%20Islands>

Human Asset Index (HAI) 2011: FERDI HAI WFG 2014

http://www.ferdi.fr/sites/www.ferdi.fr/files/idi/hai_wfg_2014_012015.xlsx

Due to missing 2011 data, previous year data used for Belize (2008); Comoros (2010); Côte d'Ivoire (2007) Equatorial Guinea (2007); Micronesia (2010); Republic of the Congo (2009) and Sierra Leone (2006)

Due to missing data, the average HAI for the same income group/development status within the ACP group has been used for South Sudan, Zambia, Zimbabwe, Mauritius, Haiti, Cook Islands, Marshall Islands, Nauru, Niue and Tuvalu. For example, the average HAI for all ACP LDCs has been used for South Sudan, and the average HAI for all ACP UMICs has been used for the Cook Islands.

The New Bottom Billion Project

<http://www.ids.ac.uk/go/idsproject/the-new-bottom-billion>

Economic Vulnerability Index (EVI) 2011: FERDI EVI WFG 2014

http://www.ferdi.fr/sites/www.ferdi.fr/files/idi/evi_retro2012.xlsx

Missing data for South Sudan (excluded in calculating averages for this indicator for the respective geographic or income groups).

The average of the available data for SIDS states has been used for missing data on Pacific and Caribbean ACP states (i.e. Cook Islands, Marshall Islands, Micronesia, Niue, Nauru and Palau). This is similar to the method used by the European Commission for the 11th EDF allocation.

World Governance Indicators, 2013 World Bank

<http://info.worldbank.org/governance/wgi/wgidataset.xlsx>, average of all 6 indicators

Missing data for Republic of Congo, Cook Islands and Niue (excluded in calculating averages for this indicator for the respective geographic or income groups).

ANNEXES

Annex 1: Methodological considerations

The research process lasted from June 2013 until June 2015. In September 2013, we published a Briefing Note on the early experiences in the 11th EDF and DCI programming. Throughout this period, we conducted over 86 semi-structured interviews with key stakeholders in Brussels and the field, performed two internet-based surveys among EUDs' operational and political sections in ACP countries and 32 NAO contacts, undertook two field missions (viz. to Ethiopia in December 2014 and to Tanzania in February 2015) and conducted desk research.

Literature review

The backbone of our document analysis is formed by EC policy documents, notably the Agenda for Change, the programming instructions and its annexes. We had an opportunity to consult several key internal EC documents which were shared with us throughout the process, but which are not publicly available. These provided extremely valuable information on the interinstitutional dynamics throughout the programming process. We also conducted a targeted literature review on donor strategies for achieving higher impact aid. The bibliography contains a complete list of all documents that were consulted.

National Indicative Programmes

The National Indicative Programme (NIP) is the EC's key programming document for EU bilateral aid. An NIP is prepared in all cases except where a Joint Programming document exists which contains all the elements required for a Multi-annual Indicative Programme as set out in the programming instructions.³²²

Although the bulk of EDF funding is intended for the ACP group of states, the number of ACP states actually receiving national funding allocations under the EDF can vary. The ACP group is currently made up of 80 states, but only 74 are currently eligible for EDF funding. The countries which are not eligible and the reasons for this are as follows:

- **South Africa**, which has a separate Trade, Development and Cooperation Agreement, and **Cuba** (which is not a signatory to the CPA) receive funding under the DCI.
- **Equatorial Guinea** has not received funding under the 10th or 11th EDF due to the invalidation of its ratification of the revised Cotonou Partnership Agreement.³²³
- **Sudan** has not ratified the revised Cotonou Partnership Agreement either and therefore has no access to national allocations under the 10th or 11th EDF, although it has received earmarked funds from former EDFs.³²⁴
- Since it did not gain independence until 2011, **South Sudan** is not yet a signatory to the Cotonou Partnership Agreement. It has however received funding from unused funds from the 9th and 10th EDFs.
- Finally, the **Bahamas** has graduated from the DAC list of ODA recipients because it has been classified as a high-income country for a number of years. While it did receive an allocation under the 9th and 10th EDFs, it will not receive any more bilateral funding during the 11th EDF. It remains eligible for the regional funds, however.³²⁵

In other cases, funding from the EDF has at times been suspended due to consultations on the violation of the fundamental principles of the Cotonou Partnership Agreement. Article 9 of the Agreement defines a number of 'essential elements': respect for human rights and adherence to democratic principles and the

³²² See European Commission/EEAS, 2012a: p. 15.

³²³ See http://eeas.europa.eu/equatorial_guinea/index_en.htm

³²⁴ See http://www.eeas.europa.eu/sudan/index_en.htm

³²⁵ This is also due to the fact that most of the allocation under the 10th EDF has not been disbursed in the Bahamas.

rule of law. Article 96 sets out the legal basis for the suspension of the Cotonou Partnership Agreement if these essential elements are not respected. **Zimbabwe** is a case in point: it did not receive funding under the 9th or 10th EDF due to consultations under Article 96 since 2002. However, following the suspension of Article 96 in 2012, Zimbabwe has now received an initial national allocation under the 11th EDF. While the political dialogue consultations may mean the suspension of national allocations through NIPs, some countries may still be eligible for regional EDF funding under regional indicative programmes (RIPs).

As of 17 June 2015, a total of 64 NIPs had been signed, with 10 still awaiting approval.

Only 57 National Indicative Programmes (NIPs) noting the indicative bilateral allocations were publicly available at the time of writing. In order to obtain a more complete picture, we aggregated information from a variety of official sources³²⁶ for all 74 countries eligible for funding under the 11th EDF. The bilateral allocations for these 74 countries total €15,162 million. We used this information to map the geographic allocation of the 11th EDF national envelope in Chapter 3. However, for the detailed document analysis in terms of sector concentration and policy priorities in Chapter 5, we relied on the 57 publicly available NIPs. These represent a total value of €11,320 million, or 74.6% of the aggregate allocation through the NIPs.³²⁷

Representativeness of financial analysis of sector concentration (Chapter 5)

The 57 NIPs we used to analyse the financial allocations per sector represent account for €11,320 million, or 74.6% of the aggregate amount allocated through NIPs. Note that, when we calculated the percentages of 11th EDF funds allocated to different sectors, the total on which these percentages was based included funds allocated to support measures but excluded €147 million which had not yet been allocated to any sectors in Senegal. The total amount used for the sector percentage calculations is thus €11,170.80 million.

A quick check of the representativeness of the 57 NIP sample across countries in Tables 7 and 8 shows which income categories and regions are most and least represented in the sample. The low percentage figure for Southern Africa may be explained by the fact that Mozambique, Malawi and Madagascar are not included. These represent a total value of €1,749 million according to our aggregated data on all financial allocations.³²⁸ Similarly, the low figure for the Pacific may be explained by the fact that Papua New Guinea's NIP (representing €184 million) is not included.

³²⁶ To gather the information, we used NIPs (when available), information on allocation provided on the EEAS and DEVCO websites, and press articles. Where information was missing, we telephoned desk officers in charge of the countries concerned in order to confirm the overall indicative national allocations.

³²⁷ There are a number of caveats here. The total indicative allocations for the 13 NIPs which are still undergoing approval are not official (and final) until they have been signed. They are therefore subject to change. In certain cases, desk officers warned that evolving political situations, for example in Gambia and the Central African Republic, might lead to revised national allocations. Indicative allocations may be adjusted at a later stage in order to take account of governance performance.

³²⁸ If these three NIPs were included, the representativeness would rise to 88%. See Annex 2 for a complete list of allocations.

Table 7 Representativeness of sample of 57 NIPs by region

Representativeness by region			
Region	Total amount allocated under 11th EDF (€ million)	Amount allocated in 57 NIPs (€ million)	%
Caribbean	654.7	654.7	100%
Pacific	467.9	215.9	46%
Central Africa	2588	2277	88%
East Africa	3087	2775	90%
Southern Africa	3062.1	957.2	31%
West Africa	5303	4438	84%
Total	15162.7	11317.80	75%

If we look at our sample from the perspective of the income category, the representativeness is better and reaches 70% of the overall 11th EDF funds allocated by income category.

Table 8 Representativeness of sample of 57 NIPs by income category

Representativeness by income category			
Income category	Amount allocated under 11th EDF (€ million)	Amount allocated in 57 NIPs (€ million)	%
LDC	12250.8	8818.8	72%
LIC	669	669	100%
LMIC	1873.3	1566.3	84%
UMIC	353.6	247.7	70%
HIC	16	16	100%
Total	15162.7	11317.8	75%

Annex 2 lists the ACP countries eligible for funding under the EDF with the aggregated data collected. The margin of error is subject to a number of caveats:

- The total indicative allocations for the 10 NIPs, which are still undergoing approval, are not official (and final) until they have been signed.
- In certain cases, desk officers warned that evolving political situations, for example in Gambia and the Central African Republic, might lead to revised national allocations.
- The Cotonou Partnership Agreement states that performance may be taken into account. Revised versions of the agreement guaranteed the flexibility of allocated funds to 'increase the resource allocation in the light of new needs or exceptional performance of the ACP State concerned' (Article 5(7) of Annex IV). Indicative allocations may thus be adjusted to take account of reviews under Articles 5, 11 and 14 of Annex IV of the Cotonou Partnership Agreement.³²⁹

³²⁹ See European Commission, 2013a.

- Finally, some NIPs used tranches for sector allocations to incentivise good performance as a means of triggering the release of the full allocation for each sector.³³⁰ In these cases, either the maximum tranche allocation was taken where these added up to the overall national allocation, or the additional tranche allocations were evened out across the sectors where the maximum allocations surpassed the overall national allocation.

In-depth analysis of sector concentration in sample of 57 NIPs

Our research focused on how the principle of sector concentration was applied in practice. The sample of 57 NIPs (see list in Annex 3) was used to make a deeper analysis of how sectors were named and defined by different NIPs.³³¹ This in turn necessitated going beyond sector titles and looking at general and specific sector objectives. In the absence of an homogenous 'sector nomenclature', we generated our own categories for each sector, by following the policy priorities set by the Agenda for Change,³³² and finding patterns with the aid of key words. In the absence of a harmonised sector nomenclature, we decided to classify the priority sectors in NIPs according to the policy priorities and sector categories in the Agenda for Change.³³³

We classified priority sectors identified in NIPs in the following categories:

- 1) social sectors (including education and employment, social protection, health, water and sanitation);
- 2) roads and infrastructure;
- 3) agriculture, food security, and environmental protection, including climate change;
- 4) energy;
- 5) governance.

We also separately analysed how the EC intended to engage with the private sector in all the focal sectors, as well as the division of labour in the sectors in which the EC had decided to intervene.

For each sector category, we identified key issues to check in line with EC policy priorities and instructions. Given the significant policy overlap found within sectors, we were not able to perform a financial analysis of sector priorities based on the NIPs.

Analysing division of labour and sector choices on the basis of NIPs

Our methodology included the following limitations. First, the donor matrix presented in the NIPs often gives an overview of sector concentration and the division of labour based on the previous programming period (i.e. 2007-2013) or on a specific year. This limitation should be borne in mind when judging the reliability of data on the degree of coordination among EU donors, as it is likely not to present an accurate picture of the programming period ahead. Secondly, some donor matrices only mention 'the EU' without specifying whether this includes member states or refers only to the Commission. These instances have been ignored in the overall calculation. Thirdly, the EU is constantly phasing in an engagement in some

³³⁰ This applies to Uganda and Haiti, for example.

³³¹ The NIP documents become publicly available shortly after they have been signed. However, even though 64 NIPs had been signed at the time of writing, we were not able to access all the documents in order to perform a complete analysis.

³³² The first policy priority in the Agenda for Change is 'governance, human rights and democracy', which includes sectors within different governance policy areas (e.g. public finance management, justice and the rule of law), and support for civil society. The second policy priority is 'inclusive and sustainable development', which includes interventions in social sectors (i.e. education, health, water and sanitation, social protection and employment), sustainable agriculture, food security, rural development and environmental protection, and energy. Although the Agenda for Change does not mention transport, we have included it as part of this priority.

³³³ Some NIPs combine multiple sectors under one heading but do not contain details on the financial allocations to different components of a 'priority sector heading', in such cases we have made some arbitrary choices (e.g. Nigeria, Ghana). Certain countries have adopted a flexible approach to programming, and have only programmed part of their country allocation (e.g. Senegal). Finally, in some cases, NIPs foresee a variable allocation of funds per sector, to be adjusted according to performance (e.g. Uganda and Haiti), in such cases we have used the maximum allocation or evened out the available additional funds across the focal sectors. .

sectors and phasing out in others. Where a donor's contribution has decreased during the programming cycle until it represents only a very small amount of money, it has been ignored (this also applies to the EC, which is sometimes listed as contributing to a sector even though this sector has not been defined as a focal one). In order to count the number of actors engaged in a given sector, we based our analysis on the donor matrix presented at the end of each NIP. We did not include cases in which (1) the donor matrix mentions the EC in sectors that are not a priority under the 11th EDF (ongoing interventions, phase out), and (2) the donor matrix refers to member states with a marginal contribution (phase out). Finally, because NIPs are country-specific, the definition of sectors sometimes differs from our general categorisation. Where this is the case, we adjusted our count accordingly.

Gathering insights from informed stakeholders

We conducted a total of 86 interviews between June 2013 and July 2015. The interviewees included 17 senior managers and administrators at DG-DEVCO and seven at EEAS HQ (three of whom we interviewed twice), and two representatives of the ACP Secretariat. We also conducted remote interviews with staff from 11 EUDs and 3 NAOs. During our two field missions, we interviewed one Head of Delegation, two Heads of Cooperation and seven Heads of Section, 16 member state representatives (including ambassadors, Heads of Cooperation and development agencies) and two deputy NAOs.

Our interviews were semi-structured so as to ensure that we covered certain key themes. We designed the interviews in order to understand the challenges faced by different institutional actors, gain a better understanding of how policy translates into practice, particularly in terms of the programming instructions, while ensuring that the findings were triangulated. All the interviews were strictly confidential, which enabled most interviewees to speak openly. By giving voice to our interviewees throughout the paper, we hope to co-produce knowledge together with the actors involved in the programming process. Our study echoes the issues raised by our interviewees, both at HQ and in the field, so they may recognise their own non-attributable views. None of the quotes may be considered as official communications.

We also conducted a survey targeting all ACP-EUDs Heads of Political Sections, Heads of Operations and Heads of (Operational) Sections. Although we informed HQ – at both DG-DEVCO and EEAS – of our intention to perform this survey, we did not ask for a 'green light' so as to preserve our impartiality. The survey included a range of mainly closed questions but with options for respondents to provide more detailed open-ended responses or comments. Some respondents skipped questions, which is why the response rates vary for each sub-question.

The survey was internet-based and distributed by email using SurveyMonkey to 191 people working at 51 EUDs.³³⁴ This means that Delegations received an average of four requests to complete the survey (we included all Heads of Operations and Heads of Political sections). The overall response rate was 23%, based on a total of 44 responses from 32 different EUDs. This implies that we gathered the views of nearly 63% of the EUDs targeted by the survey.

An overwhelming majority of respondents (88%) work in Operational sections.³³⁵ The geographic spread of responses was fairly balanced, with 30% of responses coming from West Africa, 30% from Southern Africa, 19% from Central Africa, 9% from East Africa, 7% from the Caribbean and 5% from the Pacific. 77% of the responses were from EUDs in countries where the NIP had already been signed.

³³⁴ This figure includes regionalised EUDs, such as in the Pacific and the Caribbean.

³³⁵ We were told informally by a senior EEAS HQ official that EEAS staff working in Delegations were concerned about taking the survey. This may be because ECDPM has a long-standing relationship with DG-DEVCO and EUD staff, and still needs to earn the trust of EEAS officials.

Annex 2: National indicative allocations for 74 ACP countries eligible for 11th EDF funding

Country	OECD income category (2014)	NIP allocation under 11th EDF (€ million)	% of total NIP allocations under 11th EDF	NIP Signed/Not signed by 15 June 2015	Source for 11th EDF allocation
Angola	LDC	210	1.4%	Not signed	EEAS website
Antigua & Barbuda	UMIC	3	0.0%	Signed	Signed NIP
Bahamas	HIC	-	-	-	-
Barbados	HIC	3.5	0.0%	Signed	Signed NIP
Belize	UMIC	27	0.2%	Signed	Signed NIP
Benin	LDC	372	2.5%	Signed	EEAS press release
Botswana	UMIC	33	0.2%	Signed	Signed NIP
Burkina Faso	LDC	623	4.2%	Signed	Signed NIP
Burundi	LDC	432	2.9%	Signed	Signed NIP
Cameroon	LMIC	282	1.9%	Signed	Signed NIP
Cape Verde	LMIC	55	0.4%	Signed	Signed NIP
Central African Republic	LDC	208	1.4%	Not signed	Desk officer
Chad	LDC	442	3.0%	Signed	Signed NIP
Comoros	LDC	68	0.5%	Not signed	Desk officer
Cook Islands	UMIC	1.4	0.0%	Signed	Signed NIP
Côte d'Ivoire	LMIC	273	1.8%	Signed	Signed NIP
D.R. Congo	LDC	620	4.2%	Signed	Signed NIP
Djibouti	LDC	105	0.7%	Signed	Signed NIP
Dominica	UMIC	4	0.0%	Signed	Signed NIP
Dominican Republic	UMIC	72	0.5%	Signed	Signed NIP
Equatorial Guinea	LDC	-	-	-	-
Eritrea	LDC	312	2.1%	Not signed	Press article
Ethiopia	LDC	745	5.0%	Signed	Signed NIP
Fiji	UMIC	28	0.2%	Signed	Signed NIP
Gabon	UMIC	13	0.1%	Signed	Signed NIP
Gambia	LDC	150	1.0%	Not signed	Desk officer
Ghana	LMIC	323	2.2%	Signed	Signed NIP
Grenada	UMIC	5	0.0%	Signed	Signed NIP
Guinea	LDC	244	1.6%	Signed	Signed NIP
Guinea Bissau	LDC	127	0.9%	Signed	Press release
Guyana	LMIC	34	0.2%	Signed	Signed NIP
Haiti	LDC	420	2.8%	Signed	Signed NIP
Jamaica	UMIC	46	0.3%	Signed	Signed NIP
Kenya	LIC	435	2.9%	Signed	Signed NIP
Kiribati	LDC	23	0.2%	Signed	Signed NIP
Lesotho	LDC	142	1.0%	Signed	Signed NIP
Liberia	LDC	279	1.9%	Signed	Signed NIP
Madagascar	LDC	455	3.1%	Not signed	Press release

Malawi	LDC	560	3.8%	Signed	NAO support website
Mali	LDC	615	4.1%	Signed	Signed NIP
Marshall Islands	UMIC	9.1	0.1%	Signed	Signed NIP
Mauritania	LDC	195	1.3%	Signed	Signed NIP
Mauritius	UMIC	9.9	0.1%	Not signed	Desk officer
Micronesia	LMIC	14.2	0.1%	Signed	Signed NIP
Mozambique	LDC	734	5.0%	Not signed	EEAS website
Namibia	UMIC	68	0.5%	Not signed	All Africa news article
Nauru	UMIC	2.4	0.0%	Signed	Signed NIP
Niger	LDC	596	4.0%	Signed	Signed NIP
Nigeria	LMIC	512	3.5%	Signed	Signed NIP
Niue	UMIC	0.3	0.0%	Signed	Signed NIP
Palau	UMIC	1.6	0.0%	Signed	Signed NIP
Papua New Guinea	LMIC	184	1.2%	Signed	Press release
Republic of the Congo	LMIC	103	0.7%	Signed	Desk officer
Rwanda	LDC	460	3.1%	Signed	Signed NIP
Samoa	LMIC	20	0.1%	Signed	Signed NIP
Sao Tomé & Príncipe	LDC	28	0.2%	Signed	Signed NIP
Senegal	LDC	347	2.3%	Signed	Signed NIP
Seychelles	UMIC	2.2	0.0%	Signed	Signed NIP
Sierra Leone	LDC	376	2.5%	Signed	Signed NIP
Solomon Islands	LDC	40	0.3%	Not signed	EEAS website
Somalia	LDC	286	1.9%	Signed	Signed NIP
South Sudan	LDC	-	-	-	-
St Kitts & Nevis	HIC	2.8	0.0%	Signed	Signed NIP
St Lucia	UMIC	6.9	0.0%	Signed	Signed NIP
St Vincent and the Grenadines	UMIC	7	0.0%	Signed	Signed NIP
Sudan	LDC	-	-	-	-
Suriname	UMIC	13.8	0.1%	Signed	Signed NIP
Swaziland	LMIC	62	0.4%	Signed	Signed NIP
Tanzania	LDC	626	4.2%	Signed	Signed NIP
Timor Leste	LDC	95	0.6%	Signed	Signed NIP
Togo	LDC	216	1.5%	Signed	Press release
Tonga	LMIC	11.1	0.1%	Signed	Signed NIP
Trinidad & Tobago	HIC	9.7	0.1%	Signed	Signed NIP
Tuvalu	LDC	6.8	0.0%	Signed	Signed NIP
Uganda	LDC	578	3.9%	Signed	Signed NIP
Vanuatu	LDC	31	0.2%	Signed	Signed NIP
Zambia	LDC	484	3.3%	Signed	Signed NIP
Zimbabwe	LIC	234	1.6%	Signed	Signed NIP
TOTAL		15162.7	100%	64 signed, 10 not signed, 4 not eligible	

Annex 3: Focal sectors in the 57 NIPs analysed

Country		Focal sectors	11th EDF allocations (€ million)
1	Antigua and Barbuda	Public finance management	3
2	Barbados	Renewable energy / Energy efficiency	3.5
3	Belize	Energy Health Public finance management	27
4	Botswana	Inclusive and sustainable growth / Education Public-sector reforms	33
5	Burkina Faso	Governance Health Food security, sustainable agriculture and water	623
6	Burundi	Support for sustainable development in the nutrition sector Health Strengthening the rule of law and exiting fragility situations Energy	423
7	Cameroon	Governance Rural development	284
8	Cape Verde	Good Governance and Development Contract / Support for poverty reduction and growth Good governance and development contract / Strengthening the special partnership with the EU	55
9	Chad	Food security, nutrition and rural development Natural resources management Strengthening the rule of law	442
10	Cook Islands	Water and Sanitation	1.4
11	Djibouti	Water and liquid and solid sanitation Food security	105
12	Dominica	Renewable energy / Energy efficiency	4
13	Dominican Republic	Inclusive productive development and capacity-building for quality employment Institutional reforms of public administration	72
14	DRC	Health linked to LRRD Environment and sustainable agriculture Strengthening governance and the rule of law Rebuilding of National Road 1	620
15	Ethiopia	Sustainable agriculture and food security Health Roads and transition to energy	745
16	Gabon	Promotion of employment through technical and professional education	13
17	Ghana	Governance: public-sector management and accountability Productive investment for agriculture in savannah ecological zone Employment and social protection	323
18	Grenada	Health	5
19	Guyana	Climate change adaptation / Disaster reduction - Infrastructure including sea defences	34

20	Haiti	State reforms and modernisation of public administration Education Urban development and infrastructures Food security and nutrition	420
21	Côte d'Ivoire	Strengthening the state and peace-building Agriculture and food security Energy	273
22	Jamaica	Justice Environment and climate change Public finance management	46
23	Kenya	Food security and resilience to climate shocks Sustainable infrastructure Accountability of public institutions	435
24	Kiribati	Support for inclusive growth and sustainable development	23
25	Lesotho	Water Energy Governance	142
26	Liberia	Good governance Energy Education Agriculture	279
27	Mali	State reform and strengthening the rule of law Rural development and food security Education Roads	615
28	Marshall Islands	Renewable energy & energy efficiency	9.1
29	Mauritania	Food security and sustainable agriculture Rule of law Health	195
30	Micronesia	Renewable energy & energy efficiency	14.2
31	Nauru	Energy efficiency / Renewable energy	2.4
32	Niger	Food security and resilience Strengthening the state's capacity to pursue social policies Security, governance and peace-building Opening up conflict-ridden regions	596
33	Nigeria	Health, nutrition and resilience Electrical power Rule of law, governance and democracy	512
34	Niue	Renewable energy / Energy efficiency	0.3
35	Palau	Energy efficiency	1.6
36	Republic of Guinea	Strengthening the rule of law and promoting an efficient administration serving citizens and development Urban sanitation Health	244
37	Rwanda	Sustainable energy Sustainable agriculture and food security Accountable governance	460
38	Samoa	Water, sanitation and hygiene	20
39	Sao Tome and Principe	Water and sanitation Strengthening agricultural exports	28

40	Senegal	Strengthening democratic governance Sustainable agricultural development and food security Water and sanitation	347
41	Seychelles	Technical Cooperation Facility (not a focal sector)	2.2
42	Sierra Leone	Governance and civil society Education Agriculture and food security	376
43	Somalia	State-building and peace-building Food security and building resilience Education	286
44	St. Kitts and Nevis	Renewable energy / Energy efficiency	2.8
45	St. Lucia	Employment generation through private-sector development	6.9
46	St. Vincent and the Grenadines	Rural roads	7
47	Suriname	Sustainable agriculture	13.8
48	Swaziland	Agriculture (with emphasis on food security) Social protection	62
49	Tanzania	Good governance and development Energy Sustainable agriculture	626
50	Timor Leste	Good governance Rural development	95
51	Tonga	Energy	11.1
52	Trinidad and Tobago	Support for building a competitive and innovative economy	9.7
53	Tuvalu	General environmental protection	6.8m
54	Uganda	Transport infrastructures Food security and agriculture Good governance	578
55	Vanuatu	Rural development	31
56	Zambia	Energy Agriculture Governance	484
57	Zimbabwe	Health Agriculture-based economic development Governance and institution-building	234

Annex 4: EU Commission principles and criteria for differentiation for 10th and 11th EDFs

Principles stated in Cotonou Partnership Agreement	Principles stated in the Agenda for Change	10 th EDF (indicators used in allocation method)	11 th EDF (indicators used in allocation method)
Level of development	Needs		
Needs	Capacities to generate and access financial resources		
Performance	Absorption capacities		
Long-term development strategy	Commitments and performance		
	Potential impact of EU assistance		
Needs / capacities / vulnerability (allocation and adjustment criteria)			
Population size	Economic and social/human development trends	Population size	Population size
Income per capita		GDP per capita	GNI per capita
Social indicators (not specified)	Growth path	Demographic dynamics (youth dependency)	Human Asset Index (reflecting state of human development in close relations with MDGs)
Economic indicators (level of indebtedness, export earning losses and dependence on export earnings)	Vulnerability and fragility indicators	AIDS prevalence rate	Economic Vulnerability Index (measuring structural constraints on growth by exposure to and incidence of exogenous shocks)
Special attention to LDCs, vulnerable island and landlocked states, countries dealing with aftermath of conflict and natural disaster	Ability to generate sufficient financial resources (domestic resources, access to other sources of finance such as international markets, private investment or natural resources absorption capacity)	Human poverty index	Qualitative adjustment (e.g. absorption capacity, political/security situation)
		Malnutrition	
		Vulnerability based on: economic growth fluctuations, structural handicaps of LDCs enclave or landlocked countries	
Commitment / performance allocation			
Aid performance (use of resources and effective implementation of current operations)	Country's investment in education, health and social protection	Aid performance (absorption capacity, aid dependence)	World Governance Indicators (measuring commitments, performance and impact (aggregating six dimensions of governance, including accountability and regulatory quality, rule of law))
Macroeconomic and sectoral policy performance	Progress on environmental protection	Macroeconomic performance (recent economic growth rates, environmental performance, external debt, reallocations at 9th EDF mid-term review).	Qualitative adjustments (commitments, performance, EU impact, etc.)
Progress in implementing institutional reform	Progress on democracy and good governance		
Poverty alleviation, sustainable development	Soundness of economic and fiscal policies (including financial management)	Investment climate (external tariff protection, FDI, gross domestic capital formation)	

		<p>Political performance (based on national programming dialogues)</p> <p>Social performance (public spending on health and education divided by spending on military, progress on MDGs 2 and 5)</p>	
Potential EU impact			
			Captured through World Governance indicators, Vulnerability indicators and qualitative adjustments

Sources: EC 2006; ECDPM 2012; EC and EEAS internal note

Annex 5: Data tables on which the analysis is based

Table 9 Total allocations per sector, including country list

Number of focal sectors	Total allocation (in €)	Countries
Social sectors and employment (29)	1,786,230,000	Belize, Botswana, Burkina Faso, Burundi, Cook Islands, Djibouti, Dominican Republic, DRC, Ethiopia, Haiti, Gabon, Ghana, Grenada, Lesotho, Liberia, Mali, Mauritania, Nigeria, Republic of Guinea (x2), ³³⁶ Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, St. Lucia, Swaziland, Trinidad and Tobago, Zimbabwe
Agriculture, food security and rural development (32)	3,221,650,000	Burkina Faso, Burundi, Cameroon, Chad (x2), ³³⁷ Côte d'Ivoire, Djibouti, DRC, Ethiopia, Ghana, Guyana, Haiti,, Jamaica, Kenya, Liberia, Mali, Mauritania, Niger, Rwanda, Sao Tome and Principe, Sierra Leone, Senegal, Somalia, Suriname, Swaziland, Tanzania, Timor Leste, Tuvalu, Uganda, Vanuatu, Zambia, Zimbabwe
Energy (19)	1,291,130,000	Barbados, Belize, Burundi, Côte d'Ivoire, Dominica, Ethiopia,, Lesotho, Liberia, Marshall Islands, Micronesia, Nauru, Nigeria, Niue, Palau, Rwanda, St. Kitts and Nevis, Tanzania, Tonga, Zambia
Governance as a focal sector and support for civil society (48)	3,386,883,000	Antigua and Barbuda, Barbados, Belize, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Djibouti, Dominica, Dominican Republic, DRC, Ethiopia, Gabon, Ghana, Grenada, Côte d'Ivoire, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Mali, Marshall Islands, Mauritania, Micronesia, Niger, Nigeria, Palau, Republic of Guinea, Rwanda, Samoa, Senegal, Sierra Leone, Somalia, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Tanzania, Timor Leste, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia, Zimbabwe
Transport and Infrastructure (10)	1,095,230,000	DRC, Ethiopia, Haiti, Kenya, Mali, Niger, Republic of Guinea, Sierra Leone, St. Vincent and the Grenadines, Uganda
Support measures	389,677,000	All 57
TOTAL	11,170,800,000	

Table 10 Countries that support governance as a focal sector, countries that include additional support to civil society and countries combining both

Focal sectors (no. of countries)	Countries
Governance only (9)	Cameroon, Cape Verde, Dominican Republic, Kenya, Kiribati, Mauritania, Sierra Leone, Timor Leste, Zambia
Governance & civil society (23)	Antigua and Barbuda, Belize, Botswana, Burkina Faso, Burundi, Chad, Côte d'Ivoire, DRC, Ghana, Republic of Guinea, Haiti, Jamaica, Lesotho, Liberia, Mali, Niger, Nigeria, Rwanda, Senegal, Somalia, Tanzania, Uganda, Zimbabwe
Civil society only (16)	Barbados, Djibouti, Dominica, Ethiopia, Gabon, Grenada, Marshall Islands, Micronesia, Palau, Samoa, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Trinidad and Tobago, Tuvalu, Vanuatu

³³⁶ The NIP for the Republic of Guinea cites both 'health' and 'sanitation' as focal sectors. These are combined in our 'social sectors' category.

³³⁷ The NIP for Chad cites both 'natural resources management' and 'food security and climate change' as focal sectors. These are combined in our agriculture sector.

Table 11 Policy areas covered by interventions in governance as a priority sector

Focal sectors (no. of countries)	Countries
Public finance management (28)	Antigua and Barbuda, Belize, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Côte d'Ivoire, Dominican Republic, DRC, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Mali, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Tanzania, Timor Leste, Uganda, Zambia, Zimbabwe
Migration & border management (5)	Cape Verde, Haiti, Mauritania, Nigeria, Zimbabwe
Natural resources (5)	Burundi, Cameroon, Ghana, Kiribati, Liberia
Economic development & private sector (9)	Burkina Faso, Cameroon, Kiribati, Cape Verde, Nigeria, Liberia, Niger, Mali, Tanzania
Peace and security (15)	Burundi, Cape Verde, Côte d'Ivoire, Dominican Republic, DRC, Haiti, Liberia, Mauritania, Niger, Nigeria, Republic of Guinea, Senegal, Sierra Leone, Somalia, Zimbabwe
Accountability and rule of law (26)	Botswana, Burkina Faso, Cape Verde, Chad, Côte d'Ivoire, Dominican Republic, DRC, Ghana, Haiti, Jamaica, Kenya, Lesotho, Liberia, Mali, Niger, Nigeria, Republic of Guinea, Rwanda, Senegal, Sierra Leone, Somalia, Tanzania, Timor Leste, Uganda, Zambia, Zimbabwe
Justice (15)	Chad, DRC, Jamaica, Kenya, Lesotho, Liberia, Mauritania, Niger, Republic of Guinea, Rwanda, Senegal, Somalia, Uganda, Zambia, Zimbabwe
Civil society and non-state actors (4)	Botswana, Nigeria, Somalia, Timor Leste
Decentralisation, local deconcentrated authorities, territorial approach (10)	Côte d'Ivoire, Dominican Republic, Ghana, Kiribati, Kenya, Mauritania, Niger, Republic of Guinea, Somalia, Tanzania
Service delivery (18)	Belize, Botswana, Cameroon, Cape Verde, Côte d'Ivoire, Dominican Republic, Ghana, Haiti, Jamaica, Kenya, Mali, Mauritania, Niger, Republic of Guinea, Sierra Leone, Somalia, Tanzania, Timor Leste

Table 12 Governance mainstreamed in different priority sectors

Sector and number of NIPs	Countries	%
Agriculture (18 out of 32)	Cameroon, Chad (x2), Côte d'Ivoire, Haiti, Liberia, Mali, Mauritania, Niger, Rwanda, Sao Tome and Principe, Senegal, Somalia, Suriname, Swaziland, Tanzania, Timor Leste, Vanuatu, Zimbabwe	56%
Energy (9 out of 19)	Barbados, Belize, Burundi, Dominica, Lesotho, Liberia, Nigeria, Tanzania, Zambia	47%
Transport (6 out of 10)	Ethiopia, Haiti, Mali, Niger, Republic of Guinea, Uganda	60%
<i>Total social sectors (17 out of 29)</i>	<i>See below</i>	59%
Education (4 out of 8)	Botswana, Mali, Sierra Leone, Somalia	50%
Employment (1 out of 3)	St. Lucia	33%
Health (8 out of 10)	Burkina Faso, Burundi, DRC, Ethiopia, Grenada, Nigeria, Republic of Guinea, Zimbabwe	80%
Water and sanitation (3 out of 7)	Samoa, Sao Tome and Principe, Senegal	42%
Social protection (1 out of 1)	Swaziland	100%

Table 13 Gender issues mentioned in NIP objectives

Mentioned or not mentioned (no. of countries)	Countries
Gender issues mentioned (13)	Burundi, Burkina Faso, Chad, Ethiopia, Gabon, Ghana, Jamaica, Liberia, Nigeria, Republic of Guinea, Rwanda, Timor Leste, Zimbabwe
Gender issues not mentioned (44)	Antigua and Barbuda, Barbados, Belize, Botswana, Cameroon, Cape Verde, Cook Islands, Côte d'Ivoire, Djibouti, Dominica, Dominican Republic, DRC, Grenada, Guyana, Haiti, Kenya, Kiribati, Lesotho, Mali, Marshall Islands, Mauritania, Micronesia, Nauru, Niger, Niue, Palau, Sao Tome and Principe, St. Vincent and the Grenadines, Suriname, Swaziland, St. Lucia, Samoa, Senegal, Seychelles, Sierra Leone, Somalia, St. Kitts and Nevis, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Zambia

Table 14 Gender issues mentioned in NIPs objectives, breakdown according to sector

Sector and total number of NIPs	Countries	%
Agriculture (7 out of 32)	Burundi, Chad (x2), Ethiopia, Liberia, Rwanda, Timor Leste	22
Energy (2 out of 19)	Ethiopia, Liberia	11
Governance (2 out of 32)	Jamaica, Liberia	6
Transport (1 out of 10)	Ethiopia	10
<i>Social sectors (6 out of 29)</i>	<i>See below</i>	21
Employment and social protection (1 out of 4)	Ghana	25
Education (1 out of 8)	Gabon	13
Health (5 out of 10)	Burkina Faso, Burundi, Nigeria, Republic of Guinea, Zimbabwe	50

Table 15 Support for social sectors, including fund allocation

Sector (no. of countries)	Countries	Funds allocated (€)	% of spending in social sectors
Health (10)	Belize, Burkina Faso, Burundi, DRC, Ethiopia, Grenada, Mauritania, Nigeria, Republic of Guinea, Zimbabwe	942,800,000	53
Water and sanitation (7)	Cook Islands, Djibouti, Lesotho, Republic of Guinea, Samoa, Sao Tome and Principe, Senegal	317,850,000	18
Education (8)	Botswana, Dominican Republic, Gabon, Haiti, Liberia, Mali, Sierra Leone, Somalia	422,250,000	23
Social protection (1)	Swaziland	15,000,000	1
Employment (3)	Ghana, St. Lucia, Trinidad and Tobago	88,330,000	5

Table 16 Support for social sectors – sector definitions (and combinations) as they appear in NIPs

Focal sectors (no. of countries)	Countries
Health (7)	Belize, Burkina Faso, Burundi, Ethiopia, Grenada, Mauritania, Republic of Guinea, Zimbabwe
Health & LRRD (1)	DRC
Health & social protection (1)	Nigeria
Water & sanitation (5)	Cook Islands, Djibouti, Senegal, Samoa, Sao Tome and Principe
Water (1)	Lesotho
Sanitation (1)	Republic of Guinea
Education (5)	Haiti, Liberia, Mali, Sierra Leone, Somalia
Education & employment / Sustainable growth (3)	Botswana, Dominican Republic, Gabon
Employment (2)	St. Lucia, Trinidad and Tobago
Employment & social protection (1)	Ghana
Social protection (1)	Swaziland

Table 17 Private sector mentioned in NIP objectives

Mentioned / Not mentioned (no. of countries)	Countries
Private sector mentioned (28)	Belize, Botswana, Burundi, Cameroon, Chad, Cook Islands, Côte d'Ivoire, Djibouti, Ethiopia, Gabon, Ghana, Kenya, Liberia, Mali, Nigeria, Republic of Guinea, Rwanda, Samoa, Senegal, Somalia, St. Lucia, Suriname, Tanzania, Timor Leste, Tonga, Uganda, Vanuatu, Zimbabwe
Private sector not mentioned (29)	Antigua and Barbuda, Barbados, Burkina Faso, Cape Verde, Dominica, Dominican Republic, DRC, Grenada, Guyana, Haiti, Jamaica, Kiribati, Lesotho, Marshall Islands, Mauritania, Micronesia, Nauru, Niger, Niue, Palau, Sao Tome and Principe, Seychelles, Sierra Leone, St. Kitts and Nevis, St. Vincent and the Grenadines, Swaziland, Trinidad and Tobago, Tuvalu, Zambia

Table 18 Priority sectors where private sector is expected to play a role

Sector (no. of NIPs)	Countries	%
Governance (4 out of 32)	Botswana, Cameroon, Kiribati, Somalia	13
Agriculture (12 out of 32)	Cameroon, Côte d'Ivoire, Djibouti, Ghana, Rwanda, Senegal, Somalia, Suriname, Timor Leste, Uganda, Vanuatu, Zimbabwe	38
Energy (11 out of 19)	Belize, Burundi, Côte d'Ivoire, Ethiopia, Kenya, Liberia, Nigeria, Republic of Guinea, Rwanda, Tanzania, Tonga	58
Transport (3 out of 10)	Kenya, Mali, Uganda	30
<i>Social sectors (10 out of 29)</i>	<i>See below</i>	34
Health (2 out of 10)	Nigeria, Republic of Guinea	20
Education (3 out of 8)	Botswana, Gabon, Somalia	38
Water and sanitation (3 out of 7)	Cook Islands, Djibouti, Samoa	43
Employment (2 out of 3)	Ghana, St. Lucia	66
Social protection (0 out of 1)	--	0

Table 19 Countries that identify blending as an option in their NIP

Sector (no. of NIPs)	Countries that identify use of blending	%
Agriculture (4 out of 32)	Cameroon, Ghana, Guyana, Senegal	13
Energy (14 out of 19)	Barbados, Burundi, Côte d'Ivoire, Dominica, Ethiopia, Liberia, Nauru, Nigeria, Niue, Palau, Republic of Guinea, St. Kitts and Nevis, Tanzania, Zambia	74
Transport (4 out of 10)	Mali, Republic of Guinea, Senegal, Uganda	40
<i>Social sectors (2 out of 29)</i>	<i>See below</i>	7
Water and sanitation (1 out of 7)	Cook Islands	14
Employment (1 out of 3)	Dominican Republic	33
Education (0 out of 8)	--	0
Health (0 out of 10)	--	0
Social protection (0 out of 1)	--	0

Table 20 Transport as a priority sector – support areas identified in NIP objectives

Focal sectors (no. of countries)	Countries
Rural roads (1)	St. Vincent and the Grenadines
Remoteness (1)	Niger
Phase out from transport (2)	Ethiopia, Republic of Guinea
Transport infrastructures (5)	Haiti, Kenya, Mali, Sierra Leone, Uganda
Rehabilitation of specific road (1)	DRC

Table 21 Sustainable agriculture, food security, rural development, environmental protection as a priority sector – combination of sectors in NIPs in sector definitions

Combination of sub-sectors in NIP sector titles (no. of countries)	Countries
(Sustainable) agriculture (3)	Liberia, Suriname, Tanzania
Food security (2)	Djibouti, Haiti
Agriculture and food security (8)	Côte d'Ivoire, Ethiopia, Mauritania, Rwanda, Senegal, Sierra Leone, Swaziland, Uganda
Rural development (4)	Cameroon, Timor Leste, Vanuatu, Zambia
Rural development and food security (3)	Burundi, Chad, Mali
Environment and climate change (4)	Chad, Guyana, Jamaica, Tuvalu
Food security and climate change (3)	Kenya, Niger, Somalia
Agriculture-based economic development (2)	Burkina Faso, DRC
More than three sectors (3)	Ghana, Sao Tome and Principe, Zimbabwe

Table 22 Energy as a priority sector – NIP objectives

Focal sectors (no. of countries)	Countries
(Sustainable) energy (7)	Burundi, Côte d'Ivoire, Ethiopia, Lesotho, Liberia, Rwanda, Tanzania
Renewables & energy efficiency (10)	Belize, Barbados, Dominica, Marshall Islands, Micronesia, Nauru, Niue, Palau, St. Kitts and Nevis, Tonga
Access to energy (2)	Nigeria, Zambia

Table 23 Climate change mentioned in NIP objectives

Mentioned / Not mentioned (no. of countries)	Countries
Climate change mentioned (42)	Barbados, Belize, Burundi, Cameroon, Cook Islands, Côte d'Ivoire, Djibouti, Dominica, DRC, Ethiopia, Gabon, Ghana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Marshall Islands, Mauritania, Micronesia, Nauru, Nigeria, Niue, Palau, Republic of Guinea, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia
Climate change not mentioned (15)	Antigua and Barbuda, Botswana, Burkina Faso, Cape Verde, Chad, Dominican Republic, Grenada, Guyana, Mali, Niger, Senegal, Seychelles, St. Lucia, Timor Leste, Zimbabwe

Table 24 Climate –change sensitivity in different priority sectors

Sector and no. of NIPs (out of total per sector)	NIPs whose objectives are climate-change sensitive i.e. climate resilience, climate-proof, transition to green economy, low-carbon, climate adaptation, climate mitigation, natural resources	%
Governance (5 out of 32)	Burundi, Cameroon, Ghana, Kiribati, Liberia	16
Agriculture (16 out of 32)	Djibouti, DRC, Ghana, Haiti, Jamaica, Kenya, Mauritania, Rwanda, Sierra Leone, Somalia, Suriname, Swaziland, Tanzania, Tuvalu, Uganda, Vanuatu	50
Energy (19 out of 19)	Barbados, Belize, Burundi, Côte d'Ivoire, Dominica, Ethiopia, Lesotho, Liberia, Marshall Islands, Micronesia, Nauru, Nigeria, Niue, Palau, Rwanda, St. Kitts and Nevis, Tanzania, Tonga, Zambia	100
Transport (2 out of 10)	Ethiopia, St. Vincent and the Grenadines	20
<i>Social sectors (7 out of 29)</i>	<i>See below</i>	24
Education (1 out of 8)	Gabon	13
Water and sanitation (4 out of 7)	Cook Islands, Lesotho, Samoa, Sao Tome and Principe	57
Health (1 out of 10)	Belize	10
Employment (1 out of 3)	Trinidad and Tobago	33
Social protection (0 out of 1)	--	0

Table 25 Number of sectors in sample of 57 NIPs

No. of sectors	No. of countries	Countries	%	Cumulative %
0	1	Seychelles ³³⁸	2	2
1	23	Antigua and Barbuda, Barbados, Dominica, Cape Verde, Cook Islands, Gabon, Grenada, Guyana, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Samoa, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Tonga, Trinidad and Tobago, Tuvalu	40	42
2	6	Cameroon, Djibouti, Dominican Republic, Sao Tome and Principe, Swaziland, Timor Leste	11	53
3	19	Belize, Botswana, Burkina Faso, Chad, Côte d'Ivoire, Ethiopia, Ghana, Jamaica, Kenya, Lesotho, Mauritania, Nigeria, Rwanda, Senegal, Somalia, Tanzania, Uganda, Zambia, Zimbabwe	33	86
4	8	Burundi, DRC, Haiti, Liberia, Mali, Niger, Republic of Guinea, Sierra Leone	14	100

Table 26 Aid modalities mentioned in NIPs

Mentioned / Not mentioned (no. of countries)	Countries
Aid modalities mentioned (44)	Barbados, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Cook Islands, Côte d'Ivoire, Dominica, Dominican Republic, DRC, Ethiopia, Gabon, Ghana, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Mali, Marshall Islands, Micronesia, Nauru, Niger, Nigeria, Niue, Palau, Republic of Guinea, Rwanda, Samoa, Sao Tome and Principe, Senegal, Seychelles, Sierre Leone, St. Kitts and Nevis, Tanzania, Timor Leste, Tonga, Tuvalu, Vanuatu, Zambia
Aid modalities not mentioned (13)	Antigua and Barbuda, Belize, Djibouti, Grenada, Mauritania, Somalia, St. Lucia, St. Vincent and the Grenadines, Suriname, Swaziland, Trinidad and Tobago, Uganda, Zimbabwe

³³⁸ No sector allocation has been made in the Seychelles due to the limited total value of the national allocation. The funds have instead been allocated to the Technical Cooperation Facility to support the implementation of the national development strategy.

Table 27 Choice of aid modalities in NIP sample

Aid modalities	Countries
Blending (25)	Barbados, Burundi, Cameroon, Côte d'Ivoire, Cook Islands, Dominica, Dominican Republic, Ethiopia, Ghana, Guyana, Kenya, Lesotho, Liberia, Mali, Nauru, Nigeria, Niue, Palau, Republic of Guinea, Senegal, Seychelles, St. Kitts and Nevis, Tanzania, Uganda, Zambia
Project approach (19)	Botswana, Cameroon, Chad, Côte d'Ivoire, Dominican Republic, Ethiopia, Gabon, Guyana, , Jamaica, Lesotho, Liberia, Niger, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Tanzania, Timor Leste, Zambia
Programme approach (2)	Chad, Liberia
Unspecified budget support (6)	DRC, Marshall Islands, Micronesia, Niger, Palau, Tuvalu
Good governance and development contract (4)	Burkina Faso, Cape Verde, Tanzania, Vanuatu
Sector reform contract (21)	Botswana, Burundi, Cameroon, Chad, Cook Islands, Dominican Republic, Ethiopia, Ghana, Jamaica, Kiribati, Lesotho, Republic of Guinea, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Timor Leste, Tonga, Zambia
State-building contract (3)	Côte d'Ivoire, Liberia, Haiti ³³⁹

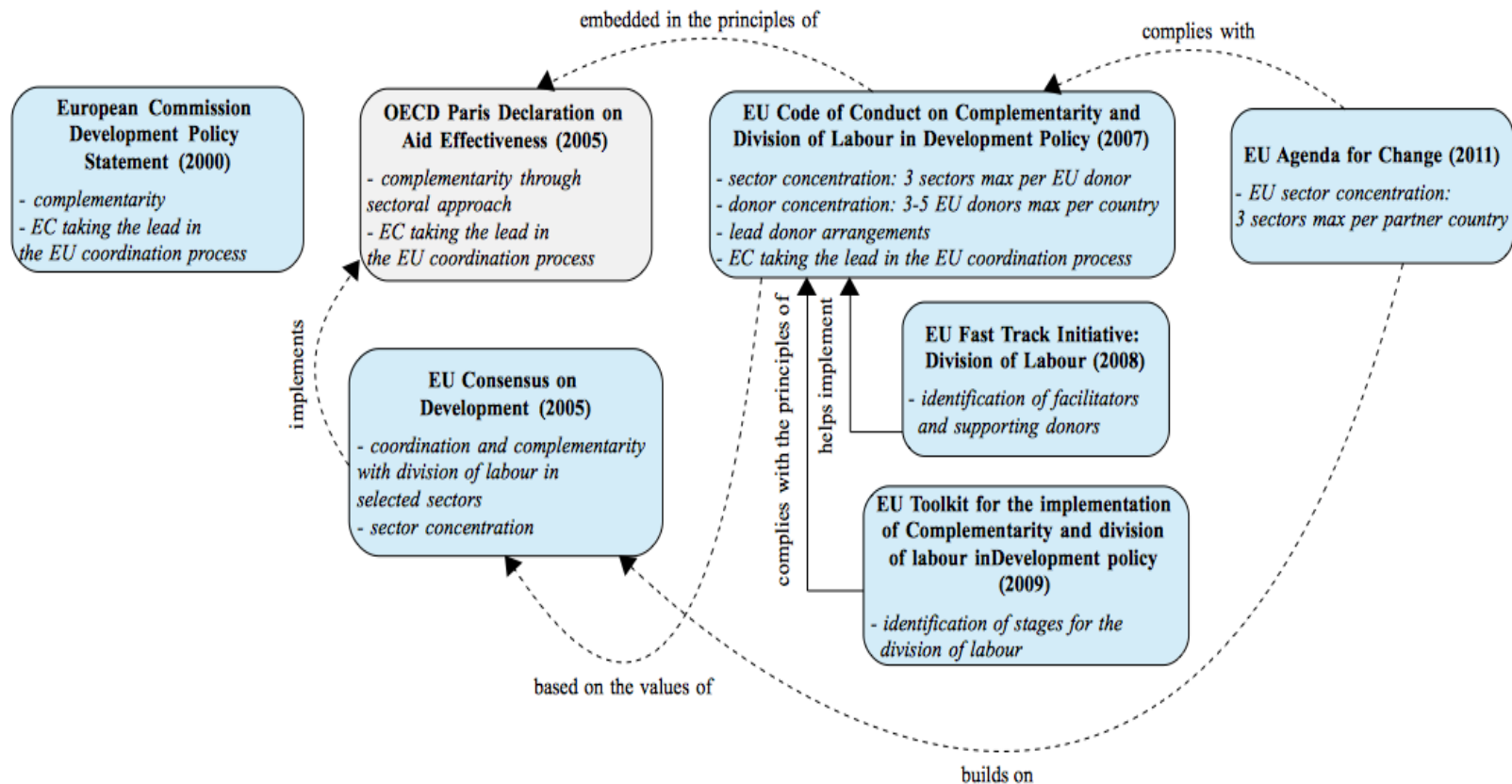
³³⁹ A manual screening of the 57 NIPs suggests that only three countries, namely Côte d'Ivoire, Liberia, and Haiti, have a state-building contract (SBC). However, a DG-DEVCO official informed us that the following countries have also opted for a SBC: Liberia, Mali, Niger, the Republic of Guinea, Sierra Leone, and Somalia. Although the Central African Republic, Madagascar and Togo have opted for a SBC as an aid modality, their NIPs had not been signed at the time of writing.

Annex 6: List of interviews conducted between July 2013 and July 2015

Organisation	Location	Service	Subtotal	Total
EU headquarters	Brussels	DG-DEVCO.A2 'Aid and Development Effectiveness and Financing' (x6) DG-DEVCO (formerly F2 - Central management of thematic budget lines under EIDHR and IfS) DG-DEVCO (formerly E1 - Geographical Coordination Central Africa) DG-DEVCO.H2 'Geographical Coordination Central Asia, Middle East/Gulf, Asia Regional Programmes DG-DEVCO.06 'Quality and Results' (x5) DG-DEVCO.D3 'Planning ACP and Horizontal Coordination' DG-DEVCO.H3 'Finance, Contracts, Audit' DG-DEVCO (Directorates D, E, G & H)	17	26
	Brussels	EEAS.VI.B2 'Development Cooperation Coordination' (x4) EEAS (formerly II.1 'Pan African Affairs') EEAS.V.A2 'Mexico, Central America and Caribbean' EEAS.II.B2 'Central Africa'	7	
	Brussels	European Parliament's DEVE Committee (x2)	2	
ACP headquarters	Brussels	Secretariat General (x2) Department of Macroeconomics, Development Finance and Intra-ACP Programming	3	3
EUDs	Guatemala		1	21
	Ecuador		1	
	Morocco		1	
	Côte d'Ivoire (x2)		2	
	Bolivia		1	
	Burkina Faso		1	
	Rwanda		1	
	Zimbabwe		1	
	Ethiopia (x5)		5	
	Tanzania (x5)		5	

	Liberia		1	
	Zambia		1	
ACP countries	Ethiopia	Ministry of Water, Irrigation and Energy NAO	2	5
	Senegal	NAO	1	
	Côte d'Ivoire	NAO	1	
	Tanzania	NAO	1	
Member states	Brussels	Austria Rep to CODEV	1	17
	Ethiopia	Ireland (embassy) France (embassy) Belgium (embassy) Germany (embassy) Germany (GIZ) Sweden (embassy) Finland (embassy) Italy (embassy)	8	
	Tanzania	Denmark (embassy) UK (DFID) Finland (embassy) Germany (embassy) Netherlands (embassy) Sweden (embassy) (x2) Belgium (embassy)	8	
Others	Brussels	CONCORD Independent consultants (x3)	4	14
	Ethiopia	FAO (x2) WB (x4) JICA Poverty Action Network	8	
	Tanzania	AfDB WB (x3)	2	
TOTAL				86

Annex 7: Key EU development policy documents



About ECDPM

ECDPM was established in 1986 as an independent foundation to improve European cooperation with the group of African, Caribbean and Pacific countries (ACP). Its main goal today is to broker effective partnerships between the European Union and the developing world, especially Africa. ECDPM promotes inclusive forms of development and cooperates with public and private sector organisations to better manage international relations. It also supports the reform of policies and institutions in both Europe and the developing world. One of ECDPM's key strengths is its extensive network of relations in developing countries, including emerging economies. Among its partners are multilateral institutions, international centres of excellence and a broad range of state and non-state organisations.

Thematic priorities

ECDPM organises its work around four themes:

- Reconciling values and interests in the external action of the EU and other international players
- Promoting economic governance and trade for inclusive and sustainable growth
- Supporting societal dynamics of change related to democracy and governance in developing countries, particularly Africa
- Addressing food security as a global public good through information and support to regional integration, markets and agriculture

Approach

ECDPM is a "think and do tank". It links policies and practice using a mix of roles and methods. ECDPM organises and facilitates policy dialogues, provides tailor-made analysis and advice, participates in South-North networks and does policy-oriented research with partners from the South.

ECDPM also assists with the implementation of policies and has a strong track record in evaluating policy impact. ECDPM's activities are largely designed to support institutions in the developing world to define their own agendas. ECDPM brings a frank and independent perspective to its activities, entering partnerships with an open mind and a clear focus on results.

For more information please visit www.ecdpm.org

ECDPM Discussion Papers

ECDPM Discussion Papers present initial findings of work-in-progress at the Centre to facilitate meaningful and substantive exchange on key policy questions. The aim is to stimulate broader reflection and informed debate on EU external action, with a focus on relations with countries in the South.

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