

European Centre for Development
Policy Management

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Whither EC Aid?

Compendium

Coordinated by Gwénaëlle Corre



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September 2009

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Disclaimer

This Compendium has been prepared on the basis of discussions held during interviews and at roundtables (June 07 – May 08). The opinions expressed, as recorded by ECDPM and ActionAid International (EU office), are those of individual participants. They do not represent the official views of the participants or organizations mentioned.

Authors

The following people contributed in the production of the different inputs:

On behalf of ECDPM	on behalf of AAI
Gwénaëlle Corre	Joanna Maycock
Andrea Petitt	Romain Philippe
Timor El-Dardiry	Patrick Watt
Eleonora Koeb	Alessandro Bozzini
Niels Keijzer	

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Foreword

This Compendium is the final element of the joint ECDPM-ActionAid project, 'Whither EC Aid' (WECA), a project initiated in mid-2007. This publication archives all the outputs generated through WECA – from the Initial Discussion Note issued in January 2008, to the reports of the dozen roundtables held and the thematic Briefing Notes. A year after the adoption of the Accra Agenda for Action in the 3rd High level Forum on aid Effectiveness, it is interesting to look back on the perceptions of various group of stakeholders about the aid effectiveness agenda, and to what extent the different point of views, trends and ideas shared during the WECA process find an echo in the international agenda.

In 2005, the Paris Declaration formulated a number of challenges facing development cooperation. While the principles of the Declaration were broadly accepted, there seemed to be a lack of shared understanding of key underlying issues shaping the debate about EC aid effectiveness. From this assertion, WECA aimed to contribute to a broader-based common understanding of the characteristics, added value and impact of European Commission (EC) development cooperation.

In the light of the Accra High Level Forum (HLF) on Aid Effectiveness last September, WECA has contributed to stimulate the debate among the larger community of development aid stakeholders. In Accra, developed and developing countries agreed to take bold steps to reform the way aid is given and spent and endorsed decisions for better aid predictability, use of country systems, conditionality and untying. Developing countries committed themselves to take control of their own futures, donors to coordinate better amongst themselves, and both parties to the Accra Agenda for Action pledged to account to each other and to their citizens.

However, the Accra HLF also coincided with the eruption of the most profound global economic and financial crisis since the 1930s. Given the new situation, not only aid quality, but also aid quantity is a crucial issue for the developing world. Anticipating the predictable impact of the crisis, the International Monetary Fund immediately urged the international community not to let the focus on the global financial crisis result in a decline in aid to the world's most vulnerable nations or obscure attention to other urgent issues affecting low-income countries and pressed the developed countries to reaffirm and deliver on their Official Development Assistance (ODA)

commitments. This was reaffirmed in Doha in December at the United Nations Conference on Financing for Development, where strong calls were made, including by the EU Presidency, to stick to commitments and not sacrifice development to the crisis.

In an historic move to cope with the financial meltdown and pave the way for global economic recovery, the group of the 20 most developed countries (G20) have met twice since then with a view to putting forward a development-friendly reform of the international financial architecture. In this regard, the counter-cyclical role of development cooperation, by increasing the scale of resources of multilateral development banks, has been recognized as a necessary measure to help the Least Developed countries cope with the dramatic situation they face. In the light of the crisis, the issue of tax reform and international tax cooperation is also being taken seriously handled. Although no particular outcome can be anticipated at this stage, cautious optimism is permissible. Some have expressed concerns that the lack of inclusiveness and representativeness of the G20-led reform process will result in little change for the developing world.

At the EU level, the European Commission-pledged 1 billion Euros Food Facility for agriculture to cope with the food crisis and the recent proposal by EU Commissioner Louis Michel for a Recovery Plan for developing countries have provoked additional debates about how development aid should be spent in order to attain its objectives.

The reader will inevitably consult this Compendium in the light of these new developments. The website of the project, which became an interactive forum for many stakeholders with more than 18,000 viewers, proving the echo and the enthusiasm that the project generated, will be maintained as a research tool hosted in both ECDPM (www.ecdpm.org) and ActionAid International (EU office www.actionaid.org/eu) main sites.

Gwénaëlle Corre
ECDPM



Romain Philippe
ActionAid EU office
(now at CONCORD
Secretariat)



List of acronyms

AAI	ActionAid International
AATG	ActionAid The Gambia
ACORD	Agency for Co-operation and Research in Development
ACP	African, Caribbean and Pacific
ACSUR	Non-governmental organisation for development
AE	Aid Effectiveness
AECID	Spanish Agency for Development Cooperation
AFD	Agence Française de Développement
AG	Advisory Group
AIV	Advisory Council on International Affairs
BS	Budget Support
BuZa	Dutch Ministry of Foreign Affairs
CAP	Common Agricultural Policy
CBM	International Christian Development Organisation
CBRM	Campaign to Reform the World Bank
CCHA	Consultative Committee on Humanitarian Affairs
CCOIB	Conseil de Concertation des Organisations d'Appui aux Initiatives de Base
CDSP	Common Defence and Security Policy
CECOD	Centro de Estudios de Cooperación al Desarrollo
CEMAC	Economic & Monetary Community of Central Africa
CEU	Central European University
CFSP	Common Foreign and Security Policy
CIDA	Canadian International Development Agency
CIDOB	Center for International Relations and Development Studies
CIDSE	International Cooperation for Development and Solidarity
CIPAF	Common Performance Assessment
CITPax	Toledo International Centre for Peace
CLADHO	Collectif des ligues et associations de défense de droits de l'homme au Rwanda
CM	Council of Ministers
CoC	Code of Conduct
CODEV	Council of the EU Working Party on Development Cooperation
CONCORD	European NGO Confederation for Relief and Development
CONGAD	Conseil des ONG d'Appui au Développement
CONGDE	ONG para el desarrollo Espana
COSADER	Collectif des ONG pour la Sécurité Alimentaire et le Développement Rural
COSV	Coordination Committee for Voluntary Service
CPA	Cotonou Partnership Agreement

CSO	Civil Society Organisation
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DARA	Development Assistance Research Associates
DCA	Development Central Asia
DCI	Development Cooperation Instrument
DEK	Effectiveness and Quality
DFID	Department for International Development
DGE	Directorate General
DG AIDCO	EuropeAid Cooperation Office
DG DEV	Directorate-General for Development and Relations with African, Caribbean and Pacific States
DG ECHO	Directorate-General for Humanitarian Aid
DG POLDE	General Directorate for the Planning and Evaluation of Development Policies (Spain)
DG RELEX	Directorate-General for External Relations
DG TRADE	Directorate-General for Trade
DFID	UK Department of International Development
DIE	German Development Institute
DIIS	Danish Institute for International Studies
DOCHAS	Irish Association of Non-Governmental Development
DoL	Division of Labour
DPS	Development Policy Statement
DRC	Democratic Republic of Congo
DSW	German Foundation for World Population
EAS	External Action Service
EC	European Commission
ECDPM	European Centre for Development Policy Management
ECHO	European Community Humanitarian Aid Office
ECOWAP	Regional Agricultural Policy for West Africa
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EDPRS	Economic Development Poverty Reduction Strategy (Rwanda)
EEA	European Economic Area
EEAS	European External Action Service
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EP	European Parliament
EPA	Economic Partnership Agreement

EU	European Union
Eurac	European network for Central Africa
EURODAD	European Network on Debt and Development
FDI	Foreign Direct Investments
FEZ	Financial and Economic Affairs
FIIAPP	International and Ibero-American Foundation of Public Administration and Policies
FRIDE	Fundación para las Relaciones Internacionales y el Diálogo Exterior
GAERC	General Affairs & External Relations Council
GBS	General Budget Support
GDP	Gross Domestic Product
GMF	German Marshall Fund of the United States
GNI	Gross National Income
GSP	General System of Preference for sustainable development
GTZ	German Organisation for Technical Cooperation
HIPCs	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HLF	High Level Forum
HoU	Head of Unit
HRFASP	High-Representative of the Union for Foreign Affairs and Security Policy
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Person
IFI	International Financial Institutions
IFTDH	International Federation Terre des Hommes
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
IOB	Dutch Policy and Operations Evaluation Department
JPA	Joint Parliamentary Assembly
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MEBA	Ministry for Basic Education and Alphabetization
MEP	Member of European Parliament
MFA	Ministry of Foreign Affairs
MOPAN	Multilateral Organizations Performance Assessment Network
MS	Member State
MTR	Mid-term Reviews
NAO	National Authorising Officer
NGO	Non Governmental Organisation
NIP	National Indicative Programme
NSA	Non-State Actors
OCTs	Overseas Countries and Territories

ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
OLICs	Other Low Income Countries
OQSG	Office Quality Support Group
OSCE	Organisation for Security and Cooperation in Europe
PAF	Performance Assessment Framework
PCD	Policy Coherence for Development
PFM	Public Financial Management
PMU	Programme Management Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
RELEX	External Relations (EC)
REPAOC	Regional Network of Western and Central African National NGOs
ROPA	Regional Farmer Platform
SADEV	Swedish Agency for Development Evaluation
SBS	Sector Budget Support
SDR	Rural Development Strategy
SIDA	Swedish International Development Cooperation Agency
SWAps	Sector Wide Approaches
TA	Technical Assistance
TANGO	Gambia's network for national and international NGOs
TEEU	Treaty Maastricht/Nice Establishment European Union (Maastricht Treaty)
TFEU	Treaty Fonctionnement European Union (Lisbon Treaty)
TPF	Technical and Financial Partners
UCODEP	Unità e Cooperazione per lo Sviluppo dei Popoli
UK	United Kingdom
UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USA	United States of America
USAID	United States Agency for International Development
WAC	Women's Agenda for Change
WB	World Bank
WECA	Whither EC Aid
WIDE	Women in Development Europe
WTO	World Trade Organisation
WUSC	World University Service of Canada
WWF	World Wide Fund for Nature.

Introducing Whither EC Aid?

In the midst of decisive years for the future direction of international development and European Union cooperation in particular, The European Centre for Development Policy Management (ECDPM) and ActionAid International, EU office, (AAI) decided to develop a common initiative to take stock of current perceptions on the crucial role that the EC plays in EU development cooperation. The context of preparatory work in the run up to the Accra HLF was the opportunity to facilitate informal dialogue on the issue of EC aid effectiveness, beyond the boundaries of the official preparatory process.

'Whither EC Aid' (WECA) was set up as an independent, joint ECDPM-ActionAid project of which the aim was to contribute to a broader-based common understanding of the characteristics, added value and impact of EC development cooperation in the context of the aid effectiveness agenda.

The main objective of this initiative was to re-position the debate on the effectiveness of EC development cooperation beyond a purely official arena. This contributed to develop an evidence-based, common understanding of the characteristics and impact of EC development cooperation. The process comprised three phases. The first aimed, through a literature review and a series of interviews with different groups of stakeholders from donor and partner countries, to draft an Initial Discussion Note on EC development cooperation (July-November 2007). This note formed the basis of the second phase, during which a series of debates and workshops took place in a number of European and Southern countries in order to facilitate discussion around a few key issues and questions identified in the Note. Participants represented a variety of different stakeholders, including officials, independent experts, and non-state actors. In parallel, research as well as debates were carried out in partner countries, making use of local expertise. In total, over 15 roundtables in 8 EU Member States (MS) the EU institutions and three Southern countries were organised, associating directly 500 participants in the process. In order to better inform the debate during the consultation phase, three Briefing Notes were published on recurrent issues discussed during the various discussions (on Budget Support, Division of Labour, Lisbon Treaty). Based on these additional inputs, the last part of the work was the elaboration of this Compendium that contains a synthesis of the whole process. This Synthesis Note is drawn on the original Discussion Note, the field research and the proceedings of the debate.

Throughout the process, the conclusions and recommendations emerging from the debate were regularly fed into the wider debate about aid effectiveness that has been further facilitated by AAI and ECDPM in a number of fora.

The WECA website (weca-ecaid.org), which was viewed by more than 18 000 visitors in 6 months, was a powerful tool to share experiences with an even wider audience. It contributed to create a knowledge community around the issue of EC aid effectiveness in the run up to the Accra HLF.

The process was structured around a number of key issues:

- The (lack of) common understanding of the priorities for EC Development Cooperation;
- The accountability of the EC development architecture to aid effectiveness; and information for public debate on the added value of EC aid
- The issue of ownership and partnership in practise.

With the publication of this Compendium, we wish to establish a record of this enriching initiative which can serve as a reference document in the future debate on aid effectiveness in the context of the implementation of the Accra Agenda for Action.

Chapter I

The Way Forward



Facilitating a process of collective learning: The experience of a dialogue initiative on EC aid effectiveness

This Synthesis Note introduces a compilation of all the publications and documentation produced in the course of the project. It summarizes the process, highlights key outputs, starting from the questions set out in the Discussion Note, and reflects on the challenges ahead for aid effectiveness and the role of the European Commission as a development partner. Its purpose is not to list recommendations but to frame pending critical issues that emerged from the process.

1. Reflecting on the added value of the process: a reality check on facilitating dialogue to enhance collective learning.

A number of topical issues framed the objectives established for the project when the reflection started. These included:

- the results of the 2007 OECD Development Assistance Committee (DAC) Peer Review findings on the EC¹;
- the 2005 EU new commitments on volumes of Official Development Aid (ODA) and the effectiveness of aid, built on the earlier Barcelona Commitments²;
- the misunderstanding about the “dual role” of the EC, being both a donor in its own right and a facilitator;
- the articulation of aid policies and practices between the EC and the Member States.

1 2007 OECD DAC Peer Review of the EC Development Cooperation: Main Findings and Recommendations, available on: www.oecd.org/document/0/0,3343,en_2649_34603_38897408_1_1_1_1,00.html

2 The Barcelona Commitments were taken prior to the Monterrey Conference on Financing for Development in 2002. They include 8 political commitments to increase ODA volumes and the effectiveness of aid, investigate innovative sources of financing, and pursue debt relief and debt sustainability for Heavily Indebted Poor Countries (HIPC).

1.1 Meeting our objectives

The first objective of this process was to reposition and inform the debate on the added value and comparative *advantage of EC aid*. In terms of creating space for debate, the publications issued and the activities carried out made it possible to reach the objective, especially through the 15 roundtables organised both in Europe and in the South. Participants who were directly involved (about five hundred people, including the interviewees contacted for the drafting of the Initial Discussion Note, the panel of experts who reacted on the Briefing Notes drafts, and the workshop participants) certainly benefited from the project. They were offered the opportunity to express their views and argue with different stakeholders. They mentioned the timeliness of the process (before Accra and during the Development Assistants Committee (DAC) consultations with Civil Society Organisations (CSOs) and the importance of creating such an informal space for dialogue and information-sharing. The website of the project³ has been well visited (over 18,000 visitors in 6 months) but it has mainly been used as an information source and not so much as an interactive tool. Indeed, the number of contributions was equivalent to approximately 10% of the number of visitors. In a general context of intense solicitation of the aid community for numerous e-discussions, this relatively low amount of direct contributions is not surprising. Moreover, most contributors were Southern stakeholders, including from regions that were not visited during the consultation phase. This illustrates the outreach to a wider audience and the possibility for actors that were not associated in the official preparation process of the Accra HLF to share their views publicly. It has thus played an important role in reaching out to stakeholders through project information. The fact that the number of visitors dropped sharply after a few days without updates tends to indicate that the website attracted a community of stakeholders directly involved in the aid effectiveness debate, using the website as one of their regular information source. In the end, it was difficult to assess the impact that the project had at the global/EU level (OECD/DAC, EU institutions, Member States), but if “re-positioning” the debate is to be understood as “challenging assumptions”, then the objective has been met.

Another objective was to *place the debate on EC aid within the context of the overall EU aid commitments and policies* (including *influencing* how European donors deliver on their 2005 aid pledges). In all workshops, at least those held in European capitals, the issues of EU aid commitments and how to channel the increased ODA were discussed.

3 <http://weca-ecaid.eu/>, French version available under: <http://weca-aide-ce.eu/>

However, no clear answer/position has emerged from the discussions. The Briefing Notes address several crucial issues with regard to EC/EU aid policies (the intensifying use of budget support as a preferred aid modality to channel the promised ODA increase, the Code of Conduct as a coordination tool between EU donors, the new development aid aspects in the Lisbon Treaty). They aimed at raising awareness and inspiring further analysis on the respective topics without looking to influence policy makers. We also note mostly euro-centric inputs (this is less an issue for Southern stakeholders than the issue of “how much” and “when”, e.g. the predictability issue). Once again the project did not necessarily intend to *influence* how European donors will deliver their aid pledges, but rather to inform the debate through consultation and by creating opportunities for dialogue and facilitating common understanding around respective concerns.

The third objective of the WECA was to anchor work on *aid and development policy in an evidence-based, common understanding of the quality and role of EC aid, and its position within the wider aid system*. The role of the EC/EU at the Accra High Level Forum has been systematically underlined at all roundtables. Participants, whether from the EU or Southern countries, insisted on the necessity for the EU to be the main driver of change during the Forum. Less focus has been put on the position of EC aid within the wider aid system (e.g. the EU in the world, the EC within the DAC, etc). Initially, the WECA initiative wanted to complement another process aiming at analysing comparative advantages of the different multilateral cooperation frameworks. The EC – as a donor in its own right – was not part of the study, so WECA was a way to shed light on this specific donor. Eventually, this objective became obsolete because the foreseen research on multilateral aid at the beginning of the project was never published. Even though some multilateral donor representatives attended some of the roundtables (Italy, Rwanda, etc.) there has not been substantial discussion on this issue.

The final objective of the process was to *develop collaborative work between AAI and ECDPM*, enabling both organisations to benefit from their respective reputations and resources and to learn from each other’s approach. This is an important aspect of the project, although indirectly related to the project outcomes (process and content). It allowed for mutual learning through the confrontation of different work cultures, including when engaging with the EC, and through the benefits of an access to both networks, thereby extending the audience in the process. Other organizations (from CSOs to officials, including the EC) were first intrigued about the two organizations working together. Although WECA is the first joint project of this kind between ECDPM and AAI, the differences between the two organizations – identity, background, objec-

tives, usual partners, etc – have not impeded the implementation of the project. It created opportunities both for AAI (possibility to engage in a different way with EC high-level management) and for ECDPM (outreach to AAI Southern network and to EU Non Governmental Organisations). Finally, both organizations benefited from each other's resources (contacts, background, previous publications and knowledge on EC aid, etc.).

1.2 Facing challenges

The process has been euro-centric to a large extent, addressing primarily European concerns (cf. the Briefing Note on the development aid policy component in the Lisbon Treaty). Despite the strong emphasis given from the start to the importance of Southern participation, this proved difficult to achieve in practice, and in particular for obvious (geographic) constraints. The process did give space for dialogue with Southern stakeholders during the second phase of the process (roundtables) but it is impossible to evaluate to what extent Southern stakeholders visited the websites and were able to express their opinions.

The issue of the expectations of stakeholders in the South, both local CSOs and donor representatives at country level (EC Delegations for instance) were not fully addressed, in particular as regards the process itself. The example of the Banjul roundtable (see roundtable report), at the very end of the process, which gathered a wide range of local CSOs, and government and donor representatives proved that such an event can be a learning experience for CSO participants, a moment to achieve greater CSO coordination, and an unexpected chance to engage with donor representatives. Indeed, the WECA roundtable, initially planned for a half day resulted in the mobilisation of the donor community, the government and local NSA for a 2 day seminar with some awareness raising on the global agenda, the presentation of Gambia-EC cooperation and the introduction by Gambian officials of the National Action Plan for Accra. Viewing the Southern roundtables as an empowerment tool for the participants in their role towards their constituency, towards the donor community and towards their government has not been sufficiently taken into account. As far as the process is concerned expectations of Northern stakeholders were quite different: they wanted to have the opportunity to express their views and concerns on EC aid, to debate aid effectiveness and the global aid agenda (no need for sensitisation, high level of awareness on the aid effectiveness agenda and desire to focus the debate on specific EU responses to the Aid Effectiveness agenda). The roundtables did meet these expectations, but the lack of a differentiation in the way to engage with the Northern and the Southern stakeholders proved inadequate.

Based on the limited interactions with Southern stakeholders, a clear message was however conveyed: as a donor, the EC is expected to play a leading role during the High-Level Forum in Accra and a coordination role for EU aid at country level.

The website of the project has essentially been an information and reference tool for visitors, and to some extent a good communication tool. It did not prove pertinent to collect “spontaneous” contributions from stakeholders, contrary to what was expected. Overall, the website was useful to raise awareness of the project among different stakeholders. A lesson learned from the use of this type of knowledge management tool is to take into account a certain ‘fatigue’ among stakeholders and their limited capacity to input to the many e-discussions available in the sector.

1.3 Achieving results

The process is in itself the primary added value of the project. It was very timely and participants appreciated the space for **informal** dialogue on the main issues of the global and European aid agendas. It coincided with a number of events of the official preparatory process (such as the drafting of the national official positions and the OECD-DAC CSO regional consultations). Participants usually found it useful to have a separate opportunity to share their views in an informal set-up that offered the facilitation of a third party acting as a neutral broker. It triggered further initiatives in a number of countries and allowed for a debate to take place. The roundtables, along with the different publications, provided interesting and widely appreciated material. The *Discussion Note* was well received because it summarised the views of different stakeholders and the state of the art of the debate in a concise document. The *Briefing Notes* were helpful in raising awareness on three key issues that were systematically discussed during the roundtables. The *website* was used as a reference information resource centre for the public involved in the debate on aid effectiveness and in the preparation of the Accra High Level Forum.

2. Key emerging issues: fostering reflection around EC aid

2.1 The EC as a donor and its added value

The main message that came out of this process is the need to shift *from aid effectiveness to development effectiveness*. Aid exists in a broader context. The project highlighted the conflicting objectives and outcomes of EC policies in different areas

with EC/EU aid policies: the issue of EC aid effectiveness should be addressed in the wider context of the EU policy mix. The importance of this dimension has been illustrated on many occasions (in Monterrey in the Conference on Financing for Development, in facing the consequences of the food and financial crises, or in addressing global challenges such as climate change).

The *federating role* of the EC is crucial and the EU must increasingly act as one in order to improve its impact, credibility and influence on the international stage. The EC views its federating role within the EU as important but inadequately recognised by stakeholders. This process, especially during the roundtables with the Member States illustrated the complexity that the EC is facing due to the duality of this role (donor in its own right and federating role). Even though the EC is clearly mandated with a facilitation or coordination role, it is not necessarily given the space to act on it, especially in the field. There is relative confusion about what 'coordination' means in practice and some stakeholders, especially Member States, fear that the EC interprets this role as leading or even controlling the dynamics. However, it is widely recognised that the EU Member States and the EC will become less and less relevant in an increasingly crowded international context, should they prove unable to speak and act more as 'one EU'.

Because it deals with a large number of policies, the EC was generally seen as being well-placed to ensure *Policy Coherence for Development* (PCD), even if, in practice, a wide scope of interests often still seem to prevail over development interests (for instance, bilateral trade or geostrategic interest of individual Member States) were often quoted. In fact, some EU policy frameworks have been validated by both the EC and the Member States (e.g. the European Consensus on Development, the Joint Africa-EU Strategy and the Cotonou Partnership Agreement, to mention a few) so they are supposedly binding for Member States. Nonetheless, there is a persisting lack of common understanding as to what it means in practice and to what extent bilateral policies align to common European frameworks

Another interesting point was *the consensus between various stakeholders during the process on the fact that the EC has a role as a developer of development policies* (for example with the Code of Conduct on Complementarity and Division of Labour). The EC has a role to play in pushing ahead the development agenda: it was generally perceived like an opportunity by different participants. However, it was mentioned on several occasions that the discussion at EU level sometimes purposely avoids addressing the political aspects implied by technical decisions. The most frequent

examples given throughout the process was the discussion on the European Code of Conduct on Complementarity and Division of Labour. While the conclusions of the debate were articulated for instance on a maximum numbers of sectors of intervention per country, it left aside the more political aspects of donors' exit strategies. Some participants indicated that the EC should be careful not to only push the development agenda with a technical approach. It should focus more on the political side due to the fact that, when it comes to implementing development policies, Member States have a capacity of 'obstruction'. It was argued that in a division of labour within the EU, the EC should concentrate on areas of relative strength, but even more importantly, the actual division of labour should be decided at field level in cooperation with the partners and their societal development strategy.

Deconcentration (or devolution) has a great potential and it was clearly highlighted as one of the best assets of the EC due to its global presence. However a question was raised: are the policy ideas and practice really deconcentrated? Some participants believe that financial rules are deconcentrated, but that skills and experience are not. At field level, there is a frustration caused by the gap between headquarter policies and the implementation by the Delegations. This gap causes confusion for the partners. In the field, the EC is also perceived as a donor among many others, not as a coordinator and a federator. The division of tasks between different parts of the EC at headquarters were perceived as fuelling incoherence and ineffectiveness. One element of this fragmentation results from the tension between a geographic versus a functional organisation of EC Aid. Many acknowledged the positive results of the reform of the EU external relations since 2000, but indicated that problems remain in the institutional set up for development cooperation. Some participants concluded that it is crucial that policy making is further centralised, while implementation must be further decentralised. In other words, a hub for development policy-making and knowledge must be created at the European level.

In fact, there was some discussion about whether the EC was too operational and whether it should rather play a federating/policy anchor role for the Member States, and act as a development policy counterweight to other donors with competing or conflicting interests. However, there was no agreement on these points; and whether it is realistic or desirable for the EC to act mostly as a 'knowledge hub' was not clarified.

2.2 The European vision of aid: lacking clear visibility?

The potential of the EU as an actor on the world stage – promoting social equity, the rule of law, a capability approach to poverty, etc. – was said to be insufficiently recognised and fostered. In fact, the project illustrated the lack of communication about *EU values in aid*. The values underlying EC aid and the attached objectives (democratization, human rights enhancement, political dialogue as a cornerstone of partnership, etc.) are undermined by a rather technical approach to cooperation and aid management. The example of ‘mainstreamed’ issues - such as gender - illustrated the fact that these very values were not perceived as EC aid priorities despite praiseworthy efforts by the EC to have them at the centre of aid discussions and practices. The risk of cross-cutting issue marginalisation was emphasised. It is perceived that the EU still suffers from *a lack of a common vision and clearly defined objective* for European Community aid, which makes coordination and complementarity within the EU difficult and threatens to let the Paris agenda degenerate into a technical exercise pursued for its own sake.

Various EC representatives who participated in the process felt that despite a rather high degree of transparency, the EC has not yet found the right way to communicate positively on its ODA performance. This results not only in it having to face growing criticism from different groups of stakeholders, including EU non-governmental organisations (NGOs), but it can also lead to a lack of public support for development cooperation policy.

2.3 The growing complexity of aid: What role for Europe?

The EU should not use the current *increasing fragmentation* of the international aid system (in terms of partners and aid instruments) as an alibi for not being sufficiently radical in its own internal reforms in the area of EU aid effectiveness. As a matter of fact, the EU’s own Code of Conduct on Complementarity and Division of Labour states clearly that “*the EU should act as a driving force for complementarity and division of labour within the international harmonisation and alignment process*”. The EC Communication (April 2008) on ‘speeding up progress towards the Millennium Development Goals’⁴ (MDG) however shows that, in many aspects, the EU has been almost a ‘dragging force’ rather than a driving one: the Communication concluded,

4 http://ec.europa.eu/development/icenter/repository/COMM_PDF_COM_2008_0177_F_EN_ACTE.pdf

for instance, that the EU's own implementation of the Code of Conduct is still in an embryonic stage. More effort is needed to open up the Code of Conduct discussions to local processes and to invite partner countries to take the lead to reach an effective division of labour at the partner country level.⁵ Avoiding additional layers of coordination has been consistently reported by southern stakeholders as a crucial issue.⁶

Therefore, the EU could take new measures that legitimate its own perceived role, by using its collective influence to take care of some of the un- or counterproductive aspects of today's international aid system. That would include using its influence to argue for further changes at the level of multilateral organisations and international financial institutions (e.g. the use of vertical funds is negatively affecting downward accountability relations in developing countries, and the use of policy-based conditionality is counterproductive), as well as moving towards genuine and effective systems for enhanced cooperation among its member states.

2.4 The Lisbon Treaty⁷: an unknown dimension with potential benefits

The impact of the new shape of development aid will depend on its implementation in the field and could thus differ from country to country. The Lisbon Treaty clearly states that the reduction and, in the long term, the eradication of poverty is the Union development cooperation policy's primary objective, while the language in the Treaty about PCD remains literally unchanged, requiring other EC measures to be consistent with development policy. But given the new focus on poverty reduction, it will possibly increase the coherence of the policy mix, allow for a bigger leverage for partner countries, place the EC in a coordinating role, and eventually result in increased aid effectiveness. The Lisbon Treaty offers a number of opportunities and challenges to reduce aid fragmentation, e.g. the creation of a Common External Service, and the new position of High Representative as the Commission's Vice-President. The latter could ensure strong upstream coordination and policy coherence. However, this depends on the question of whether the Commission President will give more power to the Vice-President compared to other Commission members.

5 Since then, the Fast Track Initiative was launched to speed up the implementation of the Code of Conduct and on going monitoring is drawing the first lessons learnt and challenges.

6 For more analysis on the Code of Conduct, see the *Whither EC Aid? Briefing Note on: The Code of Conduct on Complementarity and Division of Labour*.

7 For more analysis on the Lisbon Treaty, see the *Whither EC Aid? Briefing Note on: The Lisbon Treaty*.

Some concerns were raised about the lack of participation of development departments and the Directorate-General for Development in the discussions.

Provided that the ratification process moves ahead and that the Treaty is ratified by all Member States, the main question remains: how to operationalize it and to make it work politically? The role of the future EU Delegations, the reorganisation of the EC headquarters' structures and the adjustment of the staff capacity are all important elements that can hamper or foster policy coherence and coordination.

There is some hope that the set up of the European External Action Service (EEAS) will offer a new framework to address the capacity gap between the *ambition* of the EC and its *capacity*, especially at the level of the Delegations. A recurrent debate during the process touched upon the type of incentives, training and skills that EC staff is provided with in order to engage in political dialogue, in applying a real partnership spirit in aid management etc. During the workshops organised in the South, discussions have shown that the EC is regarded as neutral as a donor, and that stakeholders find it easier to engage with the EC Delegation than with bilateral (EU) donors, suspected to condition their aid to political/economic interests. Despite the fact that the EEAS should include staff seconded by Member States, it is important to keep this non partisan, neutral identity of the Delegations in order to safeguard optimal conditions for dialogue with partner governments.

The development perspective in the Lisbon Treaty is still a rather euro-centred issue and it was barely raised by Southern stakeholders, although it is an important issue that will eventually affect their cooperation with Europe. In addition, discussions with European stakeholders showed that the implications of the new Treaty on EC/EU development and aid policies are not debated enough between EU donors, with civil society organisations and, especially, with the wider public.

2.5 The new types of conditionality

Roundtables in the South have proved that, in the view of Southern participants, new types of conditionalities were attached to EC aid. The MDG contracts and the

8 See the Briefing Note entitled: *Whither EC Aid? Briefing Note: Budget support*.

Governance Initiative,⁸ for example, were discussed and participants emphasised the need for further debate in order to fully understand how these mechanisms will be implemented in practice.

One of the major issues discussed during the process is the influence of donors on domestic policies resulting from the increasing use of *budget support*. This represents a serious challenge for recipient governments, even putting at risk their sovereignty according to some of the views expressed. By engaging a step further in political dialogue to ensure a proper accountability of budget support, some fear that the donor is actually inviting himself ‘into the kitchen’.⁹ Besides, there is a risk that recipient government accountability to donors will overshadow the government’s accountability towards its people. Another issue is how the balance between budget support and other modalities of aid, such as the ‘project’ approach, is achieved. Southern stakeholders especially regretted that there is little, if any, dialogue on the choice of modalities according to the priorities. They fear that budget support could become the new panacea for the donor community, allowing for important disbursements and eventually being instrumentalised for the sake of meeting ODA commitments.

- Finally, based on the assumption that there is a lack of transparency regarding partner government budgets but also on donor aid flows, participants have raised the question of the enforcement of donors’ commitments. There seem to be little debate about it and few monitoring tools exist to evaluate donor commitment. Southern stakeholders especially highlighted the importance of being able to rely on donor commitment since predictability is a cornerstone for a successful implementation of the development strategy of a partner country.

A recommendation that regularly came out of the process was that EU donors should take further steps towards making more productive (and minimal) use of conditionalities, or at least move towards a joint EU approach.

2.6 The challenges of implementation, accountability and ownership

The use of the term ‘aid effectiveness’ has contributed to obscuring and partly depoliticising the practice of ‘development cooperation’. The latter implies a relationship between many different players, while most of us know that relationships require tremendous time, effort and patience from all sides to mature and sustain over time.

⁹ For more on Budget support, see the Briefing Note entitled: Whither EC Aid? Briefing Note: Budget support. Where the issue of domestic accountability and ownership is further developed on page 4.

It consequently affects implementation. Nonetheless, many examples of the potential detrimental effect of the general rush to experiment that characterised this sector have been gathered over the years. Southern participants specifically emphasised the risk in switching from one agenda to another at high speed. A promising initiative is rarely given enough time to mature. The language changes faster than actual practice. It is thus important to come to terms with this fact and try to move towards more efforts to strengthen the sustainability of development cooperation.

In addition, the EU is generally perceived as having a poor track record in actually supporting countries to take ownership of their agenda, and the Member States and the Commission have so far only made tentative progress towards identifying each others' comparative advantages. In relation to the latter, they also need to keep developing countries up to date, and could support south-south learning between developing countries to further enhance capacity development for effective and democratic ownership.

Besides, the participants recurrently highlighted the urgent need to adopt a *results-based approach*.¹⁰ The focus is being put on the inputs and on the process, whereas it should be completed by impact analysis. The tension between the commitment-based approach on the one hand, and the need for accountability for impact on the other, is still on-going, although there is a tendency to move towards a more results-based approach.

It is important to recognise *the relationship between ownership and democratic accountability* in partner countries. Some participants suggested that ownership should be based on democratic accountability in partner countries. More than that, ownership was highlighted as a condition for democratic accountability when properly supported by investment in local expertise. In order to support such a shift, it is fundamental to invest in local expertise, not only at the institutional level but also towards the private sector. During the debate, it was recognised that investing in local capacities for impact assessment is a challenge for donors but that the effort was necessary in order to make mutual accountability work.

¹⁰ See for instance in the report of the roundtable organised with EuropeAid Office.

2.7 Achieving the objective of poverty reduction: who sets the priority areas?

• The roundtables and consultations with Southern stakeholders showed that there is a *lack of tripartite dialogue*: CSOs are usually ignorant of government-EC dialogue. Clearly, it is not the role of CSOs to decide on the content of the cooperation but they should at least be *recognized as a partner* in the dialogue leading to the cooperation strategy. While it is the CSOs' responsibility to engage with their government, to gain access to relevant information and to influence local processes¹¹, Southern CSOs should still be given more space to engage with the EC Delegation and with the government. Many participants during the roundtable emphasised the fact that this was one of the key aspects to improve aid effectiveness.¹²

Non-state actors support programmes is a fundamental aspect which should be developed with a view to sustainably build up the capacities of local CSOs. CSOs should be able to engage in political and strategic dialogue with the government and the donor community. In addition, Southern CSOs need increased capacity in order to be able to play their scrutiny role and to contribute to a sound mutual accountability. During the discussions held throughout the process, the question of how to strengthen CSOs was raised frequently. It was acknowledged that the flexibility of modalities such as budget support needed to be explored further, so that it can be used to provide broader support, not only to the governments but also to the legislature, the judiciary and local authorities, while maintaining support programmes to local civil societies (in the broadest sense of the term). Otherwise there is a risk of a gap emerging between unrealistic expectations towards civil society and the capacities of local CSOs.

Local expertise capacities are lacking, not only at the institutional level but also towards the private sector (consultancies, research centres, etc.). These capacities could be opportunely used to monitor and evaluate the governmental/institutional use of aid. Investing on local impact assessment capacities is both a challenge for donors and a condition for more effective aid.

11 Definition of priority areas, elaboration of programming papers, reflection on the best-fitted aid modality, participation to the elaboration of country-owned strategy paper on achieving aid effectiveness, etc.

12 The roundtable held in The Gambia is to that extent a good example. See full report in the roundtables report section.

3. *What will you find in the Compendium?*

A number of products have emerged from the Whither EC Aid project: ECDPM and AAI are pleased to share all of them with you in this WECA Compendium.

Besides this Synthesis Note, the products displayed:

- recall the starting point of the reflection as set up in the initial Discussion Note.
- give a deeper understanding of the content of the numerous discussions held throughout the process with the roundtable reports;
- display further reflection on three topics through the Briefing Notes of particular interest considering the ongoing ratification process of the Lisbon Treaty, on the one side, and the issues identified as key priorities for the EU in Accra (i.e. division of labour, predictability of aid, and use of country systems, according to the adopted EU position for Accra), on the other side.

Finally, the annexes feature a number of additional elements, from the list of interviewees and participants at roundtables, to the original diagram recalling the dynamic of the whole process. A system of colour tags per chapter facilitates navigation in the Compendium.

Chapter II

Initial Discussion Note



Executive summary

From accountancy to accountability - towards a new approach for the assessment of development cooperation

(This document was published in January 2007)

This note is the result of the first part of a joint project between ECDPM and AAI on the future of EC Aid. It summarises the key points emerging from a review of recent literature, and a series of interviews with decision-makers and experts in Europe and developing regions. It is intended to stimulate further discussion and inputs from stakeholders through a series of seminars that are being organised both in the EU and in partner countries.

In short, this note has three purposes:

- to stimulate a more informed and structured discussion on key emerging issues;
- to encourage a stronger analysis and better common understanding of the challenges in improving EC aid;
- to spur fresh thinking about concrete proposals for further reform.

The note is divided into five main parts, discussing the following questions:

- is there a common understanding – emerging or otherwise – of the priorities for EC development cooperation?
- How does the EC development and aid management architecture affect perceptions of effectiveness of EC aid?
- What's the added value of the EC in relation to the EU donor community?
- How can the accountability of EC aid be enhanced, and an informed public debate generated?
- How can principles of ownership and partnership be implemented in practice?

At the end of each section there is a list of questions emerging from the research so far to guide further reflection.

The 2005 Paris Declaration is a recurring theme throughout the discussion note, reflecting its key role in shaping the current global aid effectiveness agenda. The principles of *ownership, alignment, harmonisation, managing for results and mutual accountability* have become touchstones in debates about aid effectiveness and this note frequently refers to these principles.

There are some issues that are not covered in the discussion note. Most importantly, the work carried out by the Directorate General for Humanitarian Aid, ECHO is only mentioned in passing. The choice was made to focus on the development approach rather than the humanitarian support. Similarly, the paper devotes relatively little space to the question of how the EC coordinates with the wider donor community beyond the Member States. These gaps are not a comment on their relative importance within debates on EC aid, and they may be picked up in further discussion during the later stages of the project.

Following our reflections and analysis the 4 areas which we feel particularly merit further debate and discussions are as follows:

1. Added Value of EC Development Cooperation

The interviews have highlighted significant differences of perspective between different stakeholders. There are concerns that the potential advantages of EC development cooperation policies are not being fully realised and questions about capacity, but also about whether the EC is facing unrealistic and sometimes contradictory demands from stakeholders.

- How can the EC manage competing stakeholder demands to deliver on its poverty eradication objectives more effectively?
- How can the EC's coordinating role both in the field and in Brussels be improved, while maintaining a clear emphasis on ownership and participation?

2. Policy focus, Budget and Institutional Architecture for EC Development Cooperation

The question of what EC aid's poverty focus means in practice is linked closely to its institutional architecture, budget structure and policies relating to different regions. In the context of the Lisbon Reform Treaty, ongoing discussions about creating a new EU High Representative for Foreign Affairs and a Security Policy offer a valuable opportunity to revisit development cooperation architecture and identify further reforms. The development of the new Common External Action Service may also create similar opportunities.

- How does the poverty reduction focus fit with a wider set of policy objectives in EC development cooperation?

- Are we looking for direct impact on the poorest groups, which implies a focus on sectors conventionally seen as pro-poor, such as health or micro credit, or for a broader impact on national economic development - which may in turn lead to poverty reduction but which implies a broader policy mix?
- What kinds of staffing, in terms of skills and capacity, are needed to increase the impact of aid on poverty?
- What has been learned about the relationship between the different aid modalities and impact?

3. Development Policy reform and implementation

There have been major reforms to EC development policy in the past five years, but it is less clear to which extent these policies have been or can be implemented in practice. This has to do with skills and capacity of the EU, with how EC aid is organised and with how much space Member States will concede.

- How can the task division and related institutional structure on development cooperation within the EC be further addressed without losing the positive outcome of the last reform? In this system can DG Development's role and weight in policy making, implementation and monitoring be further clarified?
- How can the competing visions of what EC aid should achieve at the implementation level be reconciled with global commitment and partners' priorities?

4. Accountability and monitoring for impact

There is a clear tension between upward accountability towards EU Member States and citizens and downward accountability towards partner governments and ultimately poor communities. This results in a focus on accountancy over accounting for impact. The EC needs to implement the Paris targets, but it needs to go beyond this by investing more in evaluation of results and in responding to people living in poverty.

- What is the best way to organise an open discussion about what is expected by different stakeholders in terms of accountability from the EC, and what would be a helpful reporting system?
- How can the EC support reflections on engaging citizens and parliaments in recipient states about the impact and effectiveness of aid?
- How can the development of accountability towards partners (including institutional and civil society actors) and their own constituency be envisaged in practice by the EC?

Introduction: “Whither EC Aid”

The next five years will be decisive for the future direction of international development cooperation and European Union cooperation in particular.

In 2005, wealthy countries pledged a considerable annual increase in global ODA and most of these pledges came from EU Member States. Assuming that targets are met, by 2010 the EU will account for three quarters of all aid flows, but there are unresolved questions about whether this increase will be effectively channelled through bilateral programmes or rather through the European Commission. The same questions apply to decisions on whether to cooperate on a programme basis or through macroeconomic assistance. The EC plays a crucial role in EU development cooperation, as a facilitator as well as a sizeable donor in its own right.

Both ActionAid and ECDPM have long track records of working on EU development policy. This work is aimed at taking stock of current perceptions and contributing to the discussion on where the pledged aid increases should be directed and how the EU should evolve as a donor.

The main objective of this joint project is to re-position the debate on monitoring the effectiveness of EC development cooperation by seeking to open it up and bring in the views of a wider variety of stakeholders. We hope this will contribute to developing a broader based common understanding of the characteristics, added value and impact of EC development cooperation.

The present discussion note is the result of the first part of the project, and represents the key elements emerging from a review of available relevant literature and a series of interviews with around 30 decision-makers, practitioners and experts from both Europe and developing countries. The focus of the study is on the European Commission as a donor. It has to be recognised that the EC is unique as a donor in that it effectively operates as the implementing arm for a range of EC aid instruments within a complex inter-institutional EU setting. The EC also acts as a policy maker and increasingly plays a brokering role amongst donors in the EU, in line with the Development Consensus.

The aim is to use this note as the basis for stimulating further inputs from stakeholders. We will organise a series of debates and seminars in the EU and in partner countries to generate more interactive and open discussions about the role and effectiveness of EC Aid, by discussing the issues raised in this note.

1. How does the lack of a common understanding of what EC cooperation is for, affect the use of EC aid?

The interviews reflect a lack of common understanding of *what constitutes the purpose and added value of EC Development Cooperation*. When asked to identify the added value of the EC, respondents came back to a number of similar points. However the justifications and explanations given for these varied. A summary of these ideas gives an interesting perspective on common perceptions of the EC's added value. These are a combination of policy and operational considerations.

The literature reviewed shows a reasonable degree of consensus around the comparative advantage or added value of EC aid. However, the aid allocation criteria used by the EC are often criticised in the literature for the insufficient focus on poverty eradication.

EC added value

This topic is explored in greater detail in Part 3 of this discussion note. The main purpose of including reference here is to demonstrate that while there is a growing consensus about the added value of EC aid, there is still a significant lack of agreement about how the various elements of EC aid contribute to poverty eradication.

The literature covered in the review identifies the following areas where the EC has an added value, especially compared to the Member States¹³:

- the federating/coordinating role of the EC, particularly in the field
- the volume of EC aid
- the widespread presence in the field thanks to more than 120 delegations
- the EC's perceived political neutrality.

¹³ See for instance: Development Assistance Committee ('DAC', 2007b, p. 26); General Secretariat of the Council of the EU, 2005; the "European Consensus" (pp. 16-17); Hutchinson (2006, par. 45); Lehtinen (2003, p. 18); Mackie et al. (2005, pp. 31-34); Reality of Aid Management Committee (2006, p. 268); Open Europe UK (2007, pp. 36-39).

However, while there is widespread agreement on potential areas of added value, both the literature review and interviews raise the question of the extent to which this is realised in practice.

It is striking that although most respondents made similar points about the areas where EC aid adds value to the efforts of Member States, or of the global aid system, few of them were able to justify *why* this was the case. Some interviewees even argued that the EC will develop its expertise in certain fields precisely because these were the commonly stated areas of added value.

An example of this is direct budget support, which many of the interviewees cite as an area where the EC has particular competence. However, it is striking that very few respondents were really able to elaborate on this point beyond saying that the EC is often regarded as a more neutral partner in policy dialogue with partner countries than are some Member States. Some interviewees simply acknowledge that the EC has used budget support for longer than most Member States and is therefore better placed to continue to develop this further. (There is further reflection on Budget Support on pages 10-11).

Concepts, objectives and priorities

There is a similar lack of consensus on objectives – or rather on the priority to be given to different objectives set in the various policy frameworks and instruments applicable to development cooperation. This situation results in tensions over the *weight of the poverty eradication objective within the broader policy mix*.

In particular, the literature review shows that the EC is often criticised for the criteria it uses to allocate aid, as being insufficiently targeted on poverty eradication. Civil society observers have often argued that aid allocation criteria hide competing or conflicting foreign policy or economic interests (e.g. European NGO Confederation for Relief and Development (CONCORD) 2007a, p. 45; Eberlei & Auclair 2007, p. 5; Reality of Aid Management Committee 2006, pp. 270-271). The OECD DAC Peer Review attributes this to the EC's limited ability to influence the European Development Fund (EDF) (determined by Member States) and the Community budget (determined by the Council of Ministers and the European Parliament (EP)). It also points out that the EU attaches particular importance to its neighbouring states (DAC 2007b, p. 40): aid to upper-middle income countries is four times the DAC average. This point came

through strongly in almost every interview. Turkey's status as the top recipient of EC Aid is a case in point. While no one seems to question the validity of the EC providing substantial support to Turkey to prepare it for accession to the EU, there is a debate about whether this should be counted as Development Aid.

The Reality of Aid Management Committee report takes this point a step further, warning that Member States' vested interests mean that new security imperatives are increasingly influencing the choice of development priorities. A number of studies, such as the Development Policy Statement (DPS) Study Report (Mackie et al. 2006, p. 42), recognise a possible trade-off between striving for complementarity between the EC and Member States on the one hand, and consistently maintaining the EC's poverty focus on the other. Rocha Menocal et al. (2007, p. 12) assert that "*the bias towards middle-income countries may be sensible as a means for Member States to delegate cooperation with neighbouring countries.*"

The confusion reflects in part a lack of clarity over concepts: in practice there is no consensus on what is meant by added value, aid effectiveness, poverty reduction, development cooperation, etc. This then leads to multiple interpretations and which in turn creates tensions over assessing the impact and effectiveness of aid.

Another element hampering any common agreement of *key priorities* is the *absence of clear guidelines over their hierarchy*. This confusion about the primary objectives of EC aid is reflected in proliferating and overlapping policy frameworks. The example of the Mediterranean region best illustrates this, with at least four official frameworks containing different objectives: the European Consensus; the Barcelona Process, the European Neighbourhood Policy, and the EU-Africa Partnership Strategy.

Several interviewees suggest that the prevailing confusion about the objectives of EC aid reflects the diverse priorities of Member States, but also priority setting from the European Parliament and competition within the European Commission. It is clear that different Services within the EC directly involved in external relations (DG Dev; DG Relex; EuropeAid Office; ECHO; DG Trade) have differing interpretations of the "poverty eradication" objectives enshrined in the EU Development Consensus.

There is also an *uncertainty at the policy level* about what is meant by "*impact on poverty reduction*", and how this is achieved. In short: Are we looking for direct impact on the poorest groups, which implies a focus on traditional poverty reduction sectors such as health or micro credit, or for a more indirect (longer term) impact on national

economic development - which leads to overall poverty reduction but which implies a broader policy mix? How does the poverty reduction focus fit with a wider policy mix in EC development cooperation?

Importantly, this lack of conceptual clarity in the debate about EC aid effectiveness leads to *an uncertainty over the criteria* and methodology to use to assess effectiveness.

Issues arising and possible gaps to address in the debate

Given the lack of common agreement over the priorities and objectives of EC aid, a major question is, 'effectiveness to what end?' Without an answer to this question, it's not obvious what should be measured in relation to impact.

- How far is there a real consensus around the added value of EC aid and how far is that reflected in the practice of EC external assistance?
- How can the EC manage competing stakeholder demands to deliver on its poverty eradication objectives more effectively?
- Against which objectives should EC development cooperation be assessed?
- How does this affect the thinking, method and assessment tools of EC aid effectiveness? How can we deal with the possible gap(s) between stated and actual objectives and adjust aid effectiveness assessment accordingly?
- What impact can realistically be 'traced' and attributed (causal links between objectives - results)? How can EC evaluation tools evolve towards more impact oriented assessment?

2. To what extent are development priorities supported by the EC's aid architecture and management?

There is some consistency in the interview responses about the theoretical benefits of EC aid. These are the usual benefits ascribed to any multilateral body, plus the advantages of having non-aid and policy instruments at its disposal. *The core of the debate seems to be about whether in practice the EC is able to realise these potential benefits, and if not, why that's the case.*

In the literature reviewed, there seems to be a general acknowledgment that some measures have increased the efficiency of the delivery process in the last few years (see e.g. DAC 2007b, pp. 18-19, 27, and 39; Mackie et al. 2005, p. 28). These include the reduction from 35 to 10 financial instruments, the deconcentration process and the creation of EuropeAid in 2001. However many challenges remain, including slow disbursement of funds and bureaucratic procedures (DAC 2007b, p. 48; Open Europe UK 2007, pp. 24-25).

Policy concerns elaborated below include the institutional architecture of the European Union in dealing with external relations, financial regulation and procedures, deconcentration and aid allocation mechanisms.

Institutional architecture and regional groupings

The DAC Peer Review (2007b, pp. 30-35) argues that coherence must be strengthened (especially in the context of fragile states and conflicts) both in Brussels and at country level. It makes a series of recommendations: the DG Relex / DG Dev division should be reviewed to create a more unified EC framework (the CONCORD submission for the DAC Peer Review talks of “ghettoisation” of DG Dev, 2007b, p. 1); inter-service coordination must be improved; messages sent to delegations and Member States should be clearer; results on coherence should be monitored collectively. The Peer Review also indicates some positive elements: the EU policies on migration and development (good practice for coherence), the 12 Council commitments on coherence, and the positive evolution of the informal network on policy coherence.

Many interviewees – mostly the ones who don't belong to the EC institutions – questioned the consistency of the European Commission external relations because of the spread of responsibility over several DGs, namely RELEX, DEV, AIDCO, ECHO, TRADE and so on. The resulting complexity of the administrative structure and policy making settings is highlighted as one of the biggest issues that negatively affect aid effectiveness.

Similarly, the rationale for working with different regional groupings is questioned for two main reasons. First, the relationship with Africa was seen by many as too complex: there is an overlap between the Maghreb and Sub Saharan Africa, with a pan-African approach at the institutional level supporting the African Union, but a split between the Maghreb and Sub Saharan Africa concerning policy frameworks and instruments (Cotonou Partnership Agreement (CPA) and European Neighbourhood and Partnership Instrument (ENPI); European Consensus and Barcelona Consensus). Second a number of respondents worried that some of the new instruments, such as the ENPI¹⁴, represent a move away from poverty reduction objectives.

Concerns about incoherence in the aid architecture are echoed in the field, where the EC's interlocutors sometimes have the impression of hearing a different 'voice' than the one from headquarters. Though clearly identified as a policy concern, this also affects the operational side of cooperation.

With regard to the inter-institutional distribution of power within the EU in relation to aid management, the most reported tension concerned how to minimise the risk of micro-management by the Council and Parliament, without losing their necessary control function. This is also reflected in the literature. For instance Rocha Menocal et al. (2007, p. 6) argue that the EP should shift *"away from (micro)management of the EC's budget line inputs towards checks on delivery via results-oriented management."* This would allow for more effective deconcentration and other reforms.

However, recent changes in the budget are precisely the results of a decision to reduce micro-management and to attempt to speed up the time between identifying programmes and funding them (e.g. decreasing the number of committees where Member States can oversee development programmes; establishing higher financial threshold for programmes to be approved by Council; and simplifying budget lines, thereby reducing the scope for the European Parliament to decide on what precisely

¹⁴ ENPI and DCI are applicable since January 2007.

money is spent). A recent example of this tension is the diversity of respondents' views on the recent proposal for the EP to be consulted and comment on Country Strategy Papers before they are finally signed by the European Commission. Some see this new procedure as a threat to aid effectiveness as it lengthens the procedures and slows down disbursement. Others argue that it strengthens democratic accountability over aid programming. Despite the divergence in views, *the core issue remains one of how best to use result oriented management to focus more explicitly on monitoring delivery.*

Finally, many interviewees remarked on recent policy changes, and recognise a growing capacity in the European Commission to develop new policy thinking and engage in donor debates. The examples include recent work on Policy Coherence for Development, the Code of Conduct on the Division of Labour, and the Communication on Governance in Developing Countries. Several interviewees, based both in the EU and the South, expressed concern that these frameworks risk not being fully implemented, and stressed the importance of committing the time and resources to do this before further policy frameworks are written.

The OECD Peer Review (DAC 2007b, p. 61) commends the development of an EU Code of Conduct on Division of Labour. It also stresses the importance of actually applying and implementing the Code, seeing a role for the Commission in ensuring that Member States keep their promises. But the division of labour, according to the Hutchinson report (2006, par. 15), should be led by the partner country, thus contributing to a better alignment with local priorities. A number of respondents also mentioned the importance of reinforcing EC Delegations with staff covering a wider range of expertise.

Financial regulations and procedures, deconcentration and allocation mechanisms.

In the literature reviewed there seem to be a general acknowledgment that some measures have increased the efficiency of the delivery process in the last few years. These include the reduction from 35 to 10 financial instruments, the deconcentration process and the creation of EuropeAid in 2001. However many challenges remain, including slow disbursement of funds and bureaucratic procedures. This is certainly the most commonly cited criticism of EC Aid sceptics, so cannot be overlooked (Open Europe 2007, pp. 24-25).

Concerning the process of procedural simplification, the OECD Peer Review team is more critical. The Peer Review also quotes a major report commissioned by the Civil Society Contact Group by F.M. Partners Limited that argues that the Commission's relationship with NGOs is damaged by its overemphasis on procedures and control (DAC 2007b, p. 48). As regards the speed of the delivery process, the Peer Review observes that the Commission is about 20% below the 2010 Paris goal of disbursing 85% of all aid on schedule (p. 58).

The EP suggested to improve the efficiency of the delivery process focusing on co-financing, increasing the share of untied aid (particularly food aid) and developing decentralised forms of cooperation (Hutchinson 2006, par. 36, 38, 35 respectively).

Not surprisingly, most respondents mention procedural issues as an efficiency problem. Particular mention is given to the complexity of the financial regulations, the speed of disbursement, and the difficulties faced by non-EU tenders. Although interviewees widely acknowledge recent improvements, such as the harmonisation of budget lines, or the improved disbursement rate under EDF9, substantial concerns remain about the negative impact of cumbersome procedures, most especially on Southern partners. One underlying concern is that EC Regulations and requirements (including complex application and reporting forms) squeeze out local stakeholders (from contractors to suppliers and CSOs), with effects on the sustainability of EC aid's impacts. While improved rates of disbursement were welcomed by interviewees, there were also comments about it being too early to assess the impact of these changes. Respondents working in partner countries perceive that although there is a less 'bureaucratic mindset' within the Commission, the management skills needed to engage with and respond to partner priorities often remain weak. Several interviewees felt that current procedures are designed more with the negative objective of preventing mismanagement, than as tools to increase positive impact. One effect of EC aid's procedural overload, and the transaction costs this imposes on partner governments, is to weaken its claims to a wider development role.

Many interviewees see the 'field' as the place where efforts to improve aid effectiveness should be concentrated. More 'deconcentration' or devolution is usually strongly supported, with the caveat that it is accompanied by the correct staff policy and a shared understanding of the limits of the EC role. *Deconcentration* is indeed a central part of the reform of EC aid management and most literature and respondents see it in a positive light. However others – especially amongst the NGO community - feel that the new financial regulation has in fact directly undermined many of the positive

impacts of deconcentration by producing a deconcentration of accountancy, rather than of dialogue, partnership and values¹⁵.

The OECD Peer Review (DAC 2007b, pp. 49-52) sees the Commission devolution process as extremely important to improve aid effectiveness, and notes that it is also appreciated by most CSOs since it simplified administrative and financial procedures. In fact the Peer Review calls for further devolution in order to provide Delegations with the ability to make substantive judgements in project approval and results reporting.

Aid modalities and allocation mechanisms

Budget support and vertical funds were the aid modalities most frequently mentioned during the interviews. Respondents recognised that the European Commission had a certain expertise in budget support and that as a modality it has the potential to enhance political dialogue and public finance management, while supporting ownership and encouraging major investment. Because some respondents felt that the EC carries less historical (colonial) or geopolitical ‘baggage’ in its dealings with Southern countries, this potentially makes policy dialogue easier than for some member states.

The advantage of budget support is that it places aid within a wider policy context and can encourage improved donor coordination. However, several interviewees emphasised that budget support is not a panacea. Among the numerous risks identified by respondents, is the potential danger of over-empowering ministries of finance (and consequent lack of balance with other ministries). Most Southern interviewees emphasised the fact that when budget support is too closely linked to good governance demands it can also be perceived, negatively, as a lever to extend political or ideological influence over partner governments.

Political dialogue attached to budget support monitoring was perceived to put constraints on Southern capacity and partner Governments stress the need for good donor coordination in order to reduce the number of interlocutors and use of their human resources.

¹⁵ See for example the CONCORD document "The EC deconcentration process: summary of findings of the 2nd monitoring report", which finds that the deconcentration process have had some negative effects on NGOs (CONCORD 2007c, p. 5). Furthermore, the financial regulation has been criticized by F. M. Partners Limited for a number of things that make the work of NGOs harder. See "*Striking a balance. Efficiency, effectiveness and accountability. The impact of the EU Financial Regulation on the relationship between the European Commission and NGOs*", April 2005.

The EC is seen as “*ambitious*” (Van Reisen 2007, p. 36) and a “*prime mover*” (Hauck et al. 2005, p. 19) in stimulating the increased use of budget support. In the literature, budget support is generally viewed as a key tool to improve ownership, as articulated in the EU Consensus. However the Hutchinson Report (2006, par. 39) suggests that budget support could lead to new conditionalities, if the EC uses it only in those countries that fulfil conditions imposed by the IMF. Similarly, Eberlei & Auclair (2007, p. 52) argue that the International Monetary Fund (IMF) “*is still an important gate-keeper for all donor-supported programmes*”.

Aside from conditionalities, there may be other important reasons why EC budget support is not fully adapted to partner countries’ priorities. An analysis of EC budget support by Schmidt (2006, p. 100) concludes that “[*t*]hus far, the EC’s conditionalities have not been comprehensively harmonized with national goals and objectives, a fact which is due, among other things, to difficulties partner countries have in formulating appropriate Poverty Reduction Strategy (PRS) indicators.”

It is still uncertain to what extent General Budget Support (GBS) contributes to effective poverty reduction. A 2006 general evaluation of GBS could not find hard evidence that would confirm this, mostly due to limited data availability. However, it does point out that GBS is “*unique in the way it directly supports national poverty reduction strategies*” (IDD and Associates 2006, pp. 57-8). A specific and as yet unsolved challenge in this respect is the problem of how to allocate GBS: how do we know whether GBS has contributed to increased spending in social sectors? A report by Alliance2015 (Van Reisen 2007, p. 41) notes that perceived EC plans to attribute all of its GBS exclusively to social sectors would be “*seriously misguided*”, possibly leading to distorted perceptions of the EC’s poverty eradication efforts: “*Support for transport or rural development cannot be recorded as contributions to health and education.*”

In a couple of interviews appreciation was expressed for the new ‘MDG contracts’ with their emphasis on long term commitments. Some interviewees expressed the hope that this will provide a degree of stability and discourage the EC from engaging in ‘stop and go’ behaviour in the disbursement of budget aid ‘*tranches*’.

EC established ‘funds’ or ‘facilities’ (water, energy, infrastructure, etc.) are sometimes perceived as a way to fill in gaps in EC expertise, or as means for Member States to scale up aid. However, some interviewees felt that the potential downsides of vertical modalities (limited ownership, divergence from alignment to partner’s priority, etc.) are often not properly taken into account. Besides the possibility offered for Member

State co-financing under EC management, they usually allow for a more coordinated approach and sizeable investments. On the other hand, these funds were perceived by a minority of the respondents as a new device to keep the aid industry going, risking reduced partner country ownership due to economic interests. All agreed on the need to evaluate their impact, or at least identify and reflect on their outcomes. The enhanced possibility for co-financing under the EC management with the new budget regulations is seen as quite important by European officials. Whether this modality will further support poverty reduction and contribute to enhanced aid effectiveness is another question, according to non state actor respondents.

Staff

Concern about the capacity of staff to deliver the wide variety of elements required to make EC aid more effective was a recurring theme in the interviews and in the literature. It is usually described as a structural aid management problem.

A few issues were mentioned that are relevant both to Brussels and to delegations:

- *Numbers*, which are low relative to budget, especially compared to other donors. This is seen as an element that adds pressure on the staff to deal first with quantity and have relatively little time left to address the quality of cooperation. A few respondents feel that perhaps it encourages a bias towards large scale programmes – e.g. infrastructure and budget support.
- *Skills mix*, with relatively few economists or development specialists. Problems about the ability of staff and incentives to engage in political dialogue were highlighted by a number of interviewees. Such skills are even more necessary when it comes to dealing with increasing budget support or the governance agenda.
- *Quality*, some doubts were expressed about performance in areas where staff are supposed to be qualified, and even doubts about whether the system provides an enabling environment to enhance performance in these areas.

However, the main concern seems to be the range of competing demands and expectations which are not reflected in the structure, systems or incentives within which staff operate. The issue is therefore not simply about the quality of staff per se - it is as much about excessive expectations and the system within which they operate. In several interviews concern was expressed about the competing demands on staff to engage in policy dialogue on the one hand, and to stringently apply the financial regulation on the other. It was pointed out that these competing expectations are

in fact both imposed by the same stakeholders (Member States and the European Parliament).

The type of staff skills required also depends on the aid modality. The strict application of financial procedures relates mainly to *project aid* where the issue is not only staff professional expertise but rather thoroughness in the application of rules. EC Delegations are expected to apply the rules strictly. Thus the solution is not only staff training but also a change in the responsibilities of Delegations, which raises other questions such as financial accountability.

A concern was raised about the ability of staff to secure the full potential benefits of direct budget support, if on the one hand they are being pushed to engage in political dialogue with partner governments around governance reform plans, and, on the other hand, are being pushed to stringently implement the financial regulation. Policy dialogue skills are more relevant to *budget and sector support*, and thus needed more in regions where this form of aid is heavily used. Many respondents feel that there is a chronic lack of skills in political dialogue in particular, with too much emphasis placed on financial management, especially for staff posted in the field. In addition, depending on the purpose of EC aid and the modalities by which it is to be provided, there is clearly a need to build up very different ranges of expertise amongst staff. Depending on whether the EC is to be a platform for collaboration amongst Member States, or a major multilateral donor, or a 'knowledge agency' (or some mix of all 3), one would need to have very different skills and expertise.

Many respondents emphasised the need to review recruitment and training processes in order to develop the profiles which could better support a culture of partnership and what it implies when relating to Southern counterparts, or elaborating procedures in the headquarters. The forthcoming establishment of the common external service was seen by many respondents as an ideal opportunity to tackle training needs and other staffing issues.

Cross cutting issues

A few interviewees underlined the need to improve the (systematic) integration of cross cutting, horizontal issues in the implementation of the aid (gender and environment being the most regularly cited issues).

As an illustration of this point, the question of gender equality, highlighted in the *European Consensus* (General Secretariat of the Council of the EU 2005, p. 8), was raised in several of the interviews as an area where the EC is failing to deliver. Even though most respondents were working on cooperation policies, they had no specific view on how gender is taken into account, which suggests that the mainstreaming of this issue has failed in practice. Although gender mainstreaming has been repeatedly stated by the EC as a priority, it is poorly assessed in the literature. *The DAC Peer Review of the European Community* (2007b, p. 41) seems to share the concerns regularly expressed by NGOs working in this field, that many of the important political commitments made on paper by the EC are not yet translated into practice, nor applied in programme implementation or highlighted as important indicators.

The CIDSE/Caritas report notes, for instance, “*a continuing deficit in considering gender issues in all dimensions of operations*” and argues that this is one of the “*structural weaknesses limiting a potential positive impact on the poor*” (Eberlei & Auclair 2007, p. 51). Outcomes and impact of EC aid are poorly documented, but the Cidse/Caritas report refers to an evaluation concluding that at country level there was little impact on poverty reduction or gender equality, showing a lack of implementation of gender equality policies. The DAC Peer Review finds that the European Parliament, individual Member States and parts of the European civil society have concerns about the delivery of gender equality as a cross-cutting priority (DAC 2007b, p. 13), and recommends more coherent operational strategies to deal with the situation (p.14). The Commission has stressed the need to redress gender issues as an integral part of the Community’s development policy and promotes a mainstreaming of gender equality and the empowerment of women. However, the Peer Review finds that gender equality issues were not adequately highlighted when measuring programme performance, or even consistently addressed in programme implementation (p. 15). Furthermore, the Review points out that the EC states that throughout the twelve priority areas for Policy Coherence for Development, a gender perspective is to be used (p. 31).

Issues arising and possible gaps

The current state of the debate underscores the need to evaluate thoroughly the impact of existing EC poverty reduction and development policy, before defining what the next generation of structures (e.g. budget and institutions) should be. The adoption of the new Treaty and creation of the Common European External Action Service is a good opportunity to reflect on a number of questions and gaps and to draw lessons from past and on-going experience in order to see how the system can be adjusted for more effective aid.

- While holding on to the positive features of recent reforms, how can the EC achieve a clearer division of labour and more focused set of institutions to deliver its development cooperation? Does DG Development's role and weight in policy making, implementation and monitoring need to be clarified?
- How can the monitoring function be maintained in a way that Member States do not feel that they are losing control, while at the same time ensuring more effective decision making over aid programmes?
- What is the impact of the speed and predictability of disbursement on recipients?
- What type of staff is required for which roles in order to increase aid effectiveness and have a positive impact of poverty reduction efforts?
- What has been learned about the relationship between the use of different aid modalities and performance in delivery (For example, when is it more efficient for a project approach to be used in the social sector rather than a sector wide approach or budget support)?

3. What is the added value of EC Aid compared to bilateral cooperation?

A sizeable donor in its own right

Not only is the EC a sizeable donor in its own right, but it also has a facilitating role at the European policy level and a global presence.

However, the EU is not yet positioned as a 'global actor' and interviewees tended to see the DAC and the G8 as more likely groups for substantive discussions about aid and development policy. The relatively weak profile and capacity of the EC affects the EU's capacity to actively coordinate among member states, or to represent its members in global forums. A number of interviewees felt that despite its global presence and the size of its ODA, a stronger emphasis on 'European values' (social justice and social protection) was missing in EU development policy, partly because of a focus on financial control issues by some stakeholders.

The European Community as a donor¹⁶

The EC is an important donor to many countries and in 2005 its overall net ODA reached USD 9,390 million. That is an increase of 7.9% compared to the previous year (over 6% in real terms) which makes the European Community the sixth largest donor in the DAC. Its gross bilateral ODA average of years 2004 and 2005 was USD 2,839 million to Least Developed Countries and USD 850 million to other Low-Income Countries. Sub-Saharan Africa received the largest share of USD 3,203m, followed by the Middle East and North Africa region with USD 1,371 million. Together, the sectors of Education, Health & Population, Other Social Infrastructure and Economic Infrastructure counted for over 50 % of this ODA.

¹⁶ Data extracted from the DAC Peer Review on EC (DAC 2007b).

The European Commission is responsible for the management of the Community's external assistance budget and, on behalf of all the Member States, for the negotiation of co-operation and trade agreements. The Council of Ministers collaborates with the Commission to initiate and implement development policies. The EC has 118 Delegations in third countries and 5 Delegations at centres of international organisations (OECD, OSCE, UN and WTO in Paris, Vienna, New York and Geneva) which attest to its global presence (Directorate General External Relations, 2007). In 2006 the Directorate-General for Development and Relations with African, Caribbean and Pacific States, DG DEV, employed some 290 headquarters staff. The Directorate-General for External Relations employed in the same year an estimated total of 120 headquarters staff assigned to development co-operation issues. A total of 2,600 staff were working on external assistance in EC delegations in the same year.

The EC and the 3 Cs –Coordination, Coherence and Complementarity¹⁷

Coordination

The aspect which is the most accepted by all interviewees when addressing the 3Cs is the coordinating role of the EC. A distinction is commonly made between the EC's coordinating role at a political level (e.g. on aid volume commitments in 2005 or on aid effectiveness at the Paris Forum) and its role in the field, where it needs to interact with EU Member States, but also with other major donors, especially the World Bank (WB) and UN agencies, but also the United States of America, Japan and others. This latter field role is most commonly referred to amongst interviewees.

Ideally the EC participates in a joint assistance strategy when a dynamic already exists in a partner country. If not, the EC could in theory play a lead role in initiating a process within the donor community, or at least with the MS. Most respondents recognised that even though the EC lacks a clear institutional mandate for field coordination, it has a strong knowledge of the 'aid cartography' thanks to its global presence over the past 50 years. The EC, represented by the Head of Delegation, can also potentially play a more neutral interlocutor role in articulating a coordinated donor effort with the central government of the partner country. According to most respondents, recipient governments would welcome a stronger coordinating function.

¹⁷ The 3Cs from the Maastricht Treaty: Coherence, complementarity and coordination.

On the other hand, the political space given to the EC by the Member States is often rather limited. The EC's coordination role in the field is usually accepted by Member States to the extent this isn't interpreted as a 'lead' position. But some fears were expressed that the EC's global presence, combined with a certain interpretation of the EU Treaty, could lead to mission creep and a diminished MS voice. Resistance by Member States to a stronger leadership role for the EC, at least in the countries where they're directly engaged, has direct implications for where and how the EC is able to add value. Some interviewees were also sceptical of claims that the EC was necessarily more sensitive to ownership concerns than are member states.

It's noteworthy that the policy debate on the 3 Cs still primarily takes place in Europe, and less in the field where joint programming and strategies become even more essential for partner governments. The more political the debate is in European capitals on a particular issue, the less the EC seems to be able to facilitate coordination, despite its potentially advantageous brokering position vis-à-vis governments (several interviewees gave as an example the discussion with 10 Member States on a joint strategy and a division of labour in South Africa as one positive example, and the dialogue with the Palestinian authorities as another. A more controversial example is the situation in Democratic Republic of Congo (DRC). The coordination role of the EC also varies depending on the country level role of other multilateral donors, especially the World Bank, which tends to take an analytical and policy lead in discussions with governments, and in most countries has one of the largest programmes and staff presences among the donors.

Some interviewees also identified disbursement of funds and lack of coordination as problems in NGO programmes, and questioned whether and how the European Commission could facilitate closer alignment of European donor community and NGO interventions.

The literature suggests that coordination between the EC and MS remains weak, especially at headquarters level. There is a repeated call upon the EC and member states to go beyond sharing information by moving towards actual policy alignment. For instance the OECD Peer Review notes that while there is willingness among EU actors to exchange views on harmonisation this is not enough: "*shared analysis is just the beginning and there is plenty more work to be done on joint strategic responses.*" (DAC 2007b, p. 60; see also Rocha Menocal et al. 2007, p. 67).

The Commission in its Annual Report emphasised its activities to assist new MS in building and expanding their capacity for development cooperation, including by exchanging information with the ‘old’ Member States. These are thus efforts towards informal coordination.

Lehtinen (2003) notes that while coordination at the highest policy levels may be a sensitive issue, in the field and with multilateral institutions it is often already practiced in various forms by the EC (p. 11). Nevertheless, EC Delegations’ coordinating role is often restricted to EDF programming. *“In fact, the rotating EU presidency plays a major coordinating role at the political level, and the EC often participates in donor coordination groups as one donor among others”* (p. 16). According to the Reality of Aid report, the current lack of close coordination, which leads to a fragmented EU aid delivered by 16 development agencies (excluding the new member states), is a key factor explaining the poor quality of EU aid (Reality of Aid Management Committee 2006, p 269). The Hutchinson Report (2006, par. 3) suggests that efforts to select *“lead donors”* in specific sectors at country level can be a good way to reach the objective of an EU that speaks with one voice. The report also underlines the need for coordination with other non EU donors.

Complementarity

There was a general recognition by interviewees that the most important issue in terms of advancing complementarity is to implement the Code of Conduct on Division of Labour. Several respondents expressed the hope that the EDF 10 programming will make the best use of these principles to foster joint strategies in an increasing number of partner countries, thereby reducing the number of sector interventions per donor while guaranteeing proper consideration of the partner’s needs. Together with the new possibilities for co-financing under EC management, this is particularly important to new Member States (who have smaller bilateral programmes and a less developed policy framework) who are often interested in contributing to a sectoral or thematic effort in a country where they are not represented directly.

However, Overseas Development Institute (ODI) (Rocha Menocal et al. 2007, p. 67) is more sceptical: *“EC and other donor harmonisation efforts need to be scaled up considerably to include agreements on joint technical assistance and the streamlining of systems and procedures. Without a sustained effort on these issues, it is not clear how the EC and other EU members will be able to implement the division of labour envisioned in the EU Code of Conduct, for example.”* According to the OECD, *“(the) Commission and*

Member States also need to make progress on co-financing initiatives, which remain minimal. Furthermore, Community rules and timetables do not lend themselves readily to joint programming” (DAC 2007b, p. 60).

Some interviewees suggested that governance could be an interesting test case for complementarity, especially in countries like Zimbabwe and Ethiopia where it’s a source of controversy between the government and donors, but where the EC is perceived as relatively neutral and therefore better placed than some member states to raise donor concerns.

The DAC (2007b, p. 39) also states that the EC should consider slimming down the number of countries receiving its ODA, so that in some of them it will only stay as a coordinator and not a donor. ODI (Rocha Menocal et al. 2007, p. 67) states that *“too often, state capacity in developing countries [...] has been further undermined by the lack of holistic approaches to international assistance in the context of remarkable degrees of aid fragmentation [...] as such, development assistance can actually prove to be part of the problem and not necessarily part of the solution.”*

Inconsistency manifests itself where partner countries complain that they hear different messages from the EC headquarters and the Delegations. A number of interviewees also observed differences of view between Member States and the EC in policy debates (e.g. tensions in the Council of the EU Working Party on Development Cooperation (CODEV) meetings) and, perhaps more significantly, in practice at the field level.

Coherence

Given that the existence of trade and foreign policy instruments alongside aid is a widely advertised advantage of EC development policy, it is worth asking whether in practice this works, and if it does, to question whether sometimes it is about aligning aid with trade and foreign policy objectives, not vice versa. A couple of respondents saw Economic Partnership Agreements (EPAs) as a clear example of incoherence in EU external policies. Common Agricultural Policy (CAP) has also been cited regularly as poor practice. At the policy level, the enhanced coherence agenda has created expectations for concrete action. The first biannual report on PCD¹⁸ is intended to monitor progress made on the EU’s commitments since 2005. It is seen as a useful first step towards greater information sharing on PCD within the EU.

¹⁸ [http://ec.europa.eu/development/ICenter/Repository/eu_report_policy_coherence_COM\(2007\)_545_final_en.pdf](http://ec.europa.eu/development/ICenter/Repository/eu_report_policy_coherence_COM(2007)_545_final_en.pdf)

The Commission in its 2007 Annual Report also announced it would aim to strengthen PCD by elaborating a rolling work programme for 2006-2007 to identify common priorities for organisational and thematic action on the 12 policy coherence commitments. Mechanisms to actively promote greater coherence include (p. 19): the creation of Inter-Service Group on PCD in July 2006; routine Inter-Service Consultations; the creation in 2002 of an Impact Assessment System; and an informal EU network created in 2003.

The literature leads to the clear conclusion that coherence needs to be strengthened both in terms of other policies conflicting with development interests and in terms of the EC's own internal organisation. As already mentioned, there are many concerns that other policies, as well as the growing emphasis on security (see for example the Reality of Aid Management Committee 2006 p. 272), overlap and clash with genuine development strategies. Linking aid to political objectives other than poverty eradication can be referred to as "*re-politicisation of aid*" (see ActionAid (Greenhill & Watt) 2005, p. 19). Beyond foreign policy, coherence seems to be particularly needed, as summarised by the Hutchinson Report (2006, par. 65), between trade, development, CAP and fisheries policies.

Overall, there is a consensus amongst interviewees that the EC's capacity to make progress on the 3Cs is largely dependent on what Member States are willing to do themselves. Although the EC role as an occasional catalyst for dialogue is valued, the record of the EU as a whole in implementing the 3Cs is still rather limited. While a European effort is needed, some Member States feel the EC gives the impression it wants at times to lead, or control, the process.

Moving the debate forward

The role of the EC as a 'developer of development policy' is widely referenced amongst interviewees and recognised as a very specific asset: the EC manages to facilitate the debate on a number of issues that Member States were not necessarily advancing on. The most frequently quoted recent example of the positive catalyst role the EC can play in such a process is the May 2007 adoption of the EU Code of Conduct on Division of Labour where it encouraged the Member States to move outside the more formal Council working group structures and discuss the issue in the more open format of expert seminars which allowed for a more free flowing discussion.

Several interviewees pointed out that, when coupled with the efforts of the EU Presidency, the European Commission has the capacity and commitment to move the debate forward on politically sensitive issues. When the political sensitivity of the topic prevents consensus, the EC usually addresses it from a rather technical angle. This ability, combined with lessons learnt from sector based experience and global presence, is especially valued by New Member States. A debate like the one on governance and how it can be programmed in the framework of the EDF led one respondent to say that “*the EC makes us think*”.

Some interviewees identified other issues that have benefited from discussion at the European level. The implementation of the 3Cs, the governance policy framework,¹⁹ the developments on budget support and the practice of ownership with co-management and co-decision as set in the CPA were the most quoted examples.

The EC and the MDGs

No respondent questioned the value of the global commitments as set out in the MDGs, but there were diametrically opposed views on how the EC should adjust its policies and programmes in order to respond. While it is clear that the MDGs are about much more than providing aid to social sectors, it is common to use “MDGs” as a short hand for “*social sector spending*” - something that most respondents felt to be an area in which the EC underperforms. The respondents did not agree on a solution to this issue. Some respondents proposed that the EC should retire from these sectors entirely as part of an effective division of labour and increased complementarity. At the other end of the spectrum some suggested the EC focus all programmes on the accomplishment of the Goals. This illustrates one aspect of the lack of agreement on how the EC should address the poverty reduction objective.

The *broad range of EC policy interests* and its inclusive approach are the other elements of EU development policy cited as positive advantages: they bring expertise together and facilitate a more holistic response to the development priorities of partner countries. Peace and security, energy, trade and migration were given as important areas of expertise where the EC was able to broaden the debate and the scope of donor interventions. Most of the interviewees expressed concern about the organisational divisions within the EC’s external relations and development programmes and services.

¹⁹ There are however mixed views on the governance profiles.

Doubts were also mentioned about the specialisation sectors cited in the European Consensus: some interviewees questioned the EC's added value in these nine sectors.²⁰ Some respondents believe that the approach outlined by the development consensus - including the focus on infrastructure development and institutional reform - draws on the EU's own experience of integration in the past half century. This obviously begs the questions of whether such a model is applicable in Southern countries.

Issues arising and possible gaps

- What are the advantages of the EC as a possible intermediary for (new) EU MS to meet their ODA commitments?
- How can the EC's coordinating role in field and in Brussels be improved, while maintaining emphasis on ownership and participation?
- To what extent should the EC take a lead in the coordinating role, and in particular should coordination focus on the EU? Does the EC have sufficient capacity and credibility vis à vis other donors to take on this coordinating function?
- How can EC Heads of Delegations be supported to distinguish between moments to lead and moments to federate European cooperation in the field?
- When should the national authorities be encouraged to take the lead for coordination in the field and how can the EC best support them?
- How far has the EU pushed real coherence and what possibility does the EC have in practice to encourage all EU countries to focus on sectors/areas where they have a comparative advantage?

²⁰ The nine sectors are: (i) trade and regional integration; (ii) the environment and the sustainable management of natural resources; (iii) infrastructure, communications and transport; (iv) water and energy; rural development, (v) territorial planning, agriculture and food security; (vi) governance, democracy, human rights and support for economic and institutional reforms; (vii) conflict prevention and fragile states; (viii) human development; (ix) social cohesion and employment (General Secretariat of the Council of the EU 2005, pp. 21-28)

4. How and by whom is the EC held accountable for its aid?

The EC is a one-of-a-kind donor – it is not part of the multilateral system per se, but nor is it accountable in the way that bilateral donors are, notwithstanding the European Parliament and the monitoring activities of Civil Society. Viewed positively, this peculiar status can insulate it from the direct political pressures experienced by bilateral programmes, which are reflected in practices such as tied aid. On the other hand, this can reduce scrutiny and responsiveness. Current discussions on the EP's scrutiny of Country Strategy Papers (CSPs) and the role of the Joint Parliamentary Assembly attest to ongoing tensions over increased transparency and democracy in the European aid programme.

The OECD Peer review does not assess the EC's performance on accountability, as it is one of the least defined areas in the Paris declaration (DAC 2007b, p. 61; see also DAC 2007a for monitoring of the Paris declaration); still, it states that the EC is generally weak in communications and awareness raising. Accountability to other stakeholders is not mentioned explicitly in the European Consensus (General Secretariat of the Council of the EU, 2005). In this context, the 2007 OECD Peer Review team received a 'consistent message' from European and local CSOs: the desire for greater consultation and information sharing between CS partners and the EC (DAC 2007b, p. 46). This is a regular request from NGOs: see for example the CONCORD submission for the Peer Review: "*civil society organisations ask not just for consultation but for ongoing engagement and commitment*" and "*genuine consultation is not happening on the CSPs and reports of the consultation meeting are not available*" (CONCORD 2007b, p. 2). The CIDSE/Caritas report confirms that the EC tends to focus on the government as the sole interlocutor and this approach risks undermining not only the role of civil society but also the democratic role of the parliament (Eberlei & Auclair 2007, pp. 5 & 45-49); it also points out that information about EC aid operations in partner countries is limited, resulting in a lack of accountability (p. 53). NGOs also commonly ask for the introduction of a system of "*mutual accountability*" that balances the interests of both donors, recipients and poor people (see for example ActionAid (Greenhill & Watt) 2005, pp. 35-36).

The *Annual Report of the Commission* (EC, 2007a) refers to increased efforts to improve visibility among the wider public. In terms of concrete forms of involvement by CSOs,

it refers to the '*Palermo process*' (p. 94). But CONCORD (2007b, p. 3) seems to disagree, as its submission to the DAC laments a lack of reliable figures and clear statistics, as well as an over-complex decision-making process that results in a lack of accountability.

In the interviews, a few ideas regularly come back when the question of accountability is tackled: whose accountability should we be looking at when assessing EC aid, and how can the style and format of EC communication for accountability better correspond to what is expected. The difficulty of tracing impact and the importance of widening the debate are also relevant.

Whose accountability?

The fact that there are multiple accountabilities was commonly accepted by interviewees. The different levels include:

- the systems of checks and balance within the EU inter institutional settings (the Commission towards the Council (member states) and the Parliament);
- accountability towards European tax payers;
- accountability between legislative and executive powers in partner countries;
- accountability towards the citizens of the partner countries;
- and accountability towards the rest of the donor community.

Particular emphasis was placed by interviewees on the need for greater accountability to partner countries for the impact of EC aid.

Adapting EC communication for accountability to users' needs

Both the literature and interviewees identified a large gap between the communications material the EC produces, and what is expected in terms of accountability. This implies going beyond better financial data to demonstrating results and value for money. The role of citizens and parliaments in holding the EC accountable, both in the North and in the South, is often mentioned as being far too limited. Only one interviewee – not an EC official – stated that there was no problem with EC accountability and that it was very transparent. Opinions vary as to the reasons for this, but it's clear that different groups expect different types of information, and that satisfying these diverse demands poses genuine challenges.

A few interviewees raised the concern that ‘too much’ accountability risks overburdening the EC and might become detrimental if it draws energy away from implementation or slows disbursement further. Others felt that the problem is not the accountability burden as such, but the focus on fiduciary risk at the expense of evaluation of impact. *Views diverge over the solution to these problems, and how to strike the right balance between meeting quantity objectives (ie speeding up disbursement) and quality objectives (including greater predictability).*

Interviewees raised relatively few positive examples of EC aid effectiveness. Those that were cited tend to come from countries where budget support has been sustained over several years (for example Mozambique; Uganda; Ghana) against a backdrop of strong economic growth and progress on some human development indicators. Several interviewees remarked on the difficulty of measuring the impact of budget support on poverty reduction. Some respondents, both officials and non-state actors from Europe and the South, felt that the way forward probably lies in *moving away from evaluating the impact of EC programmes or funding*, towards monitoring the overall budget and seeing how this can be used to trace the impact at sector level. This would certainly be a major shift in the way the use of EC money is monitored.

In sum, the accountability debate about EC aid raises two big issues. First, there’s a concern that the accountability demands placed on partners (mainly Governments, but also CSOs and others) in order to satisfy the demand for fiduciary accountability from Member States and the European parliament end up by diverting recipient governments’ attention from being more accountable to their populations. Secondly, because of a preoccupation with fiduciary accountability, there is a concern that very little time and energy is actually devoted to accountability for impact on the ground. Of course, questions of attribution always arise, and the lack of evaluation of impact is not peculiar to the EC, but there are lessons from other donors about how to involve intended beneficiaries in project design, management and evaluation (rather than just inform them), and of complaints and safeguard procedures designed to enhance downward accountability, which it would be interesting to explore further. For example, the World Bank’s safeguard policies and Inspection panel, and the establishment by Denmark and other donors of independent evaluation bodies may hold both positive and negative lessons for the EC in this regard.

Widening the debate on EU Aid effectiveness and accountability

It is becoming increasingly important to communicate with European publics about EC aid: among other things, unless there is clear evidence of its impact, recent pledges to increase aid will be politically difficult to achieve or sustain. The need to widen debate, and increase knowledge of EC aid must go beyond existing efforts, such as the Council conclusions on the EC Annual Report, if it's to build a genuine consensus about the utility and objectives of European aid.

Many interviewees argue that a more systematic dissemination of good practice is needed, as are better ways of feeding back lessons learnt during implementation into the policy making process. Therefore adopting a more pragmatic and effective approach to monitoring can both fuel a more informed public debate about aid, as well as improving learning and sharing about good and poor practice. Reports and other accountability tools could be adapted to support this. Some interviewees also raised concerns about the transparency of the decision making process itself, pointing out that transparency about how decisions are reached, and opportunities to help influence those decisions, is as important as openness about what is finally decided.

Reflecting on monitoring tools

One point mentioned by all interviewees is the difficulty of tracing and attributing impact and what indicators best do this job. At the moment there is no agreed set of tools to try to monitor impact over time of EC development interventions.

There was also a widespread sense amongst interviewees that EC aid effectiveness can only be properly evaluated in the field, and that these evaluations need to be shared more widely within recipient countries. This is a responsibility which is clearly shared between the donor and recipient country.

The literature recognises some improvements (development of indicators, creation of an inter-service quality support group) but concerns remain, particularly about the choice of indicators, the quality of the evaluation, and the lack of results-based management. Monitoring has improved and has become more systematic, but its coverage still needs to be expanded, particularly to include budget and sector support.

The European Consensus (General Secretariat of the Council of the EU 2005, p. 52) explicitly recognises the lessons from the evaluation of the DPS in the field of monitoring and evaluation. It sees the need to reflect international development commitments and advances made in best practice. The Monitoring & Evaluation (M&E) system should be applied consistently in EC development programmes in all developing countries. In its 2007 Annual Report, the Commission (2007a, pp. 128-133) draws attention to its Results-Oriented Monitoring system. The DAC Peer Review (DAC 2007b, p. 50) sees the system as a translation of the suggestions it made during its previous review, but while its sampling size has increased, it is still limited, thus limiting overall conclusions. The OECD Peer Review welcomes the creation of an Inter-Service Quality Support Group and expects the creation of an Office Quality Support Group (OQSG) at a lower level to be particularly useful for system feedback and reform. The Peer Review acknowledges some improvements in M&E but underlines the need for more results-based management, reporting systems, performance management; it also advocates for a broader evaluation system (that should connect different actors scattered through the Community system) and with more staff (DAC 2007b, pp. 49-50).

The *Hutchinson Report* (2006, par. 24) focuses on performance indicators: it appreciates that the EC has developed this kind of indicators for its activities, but remarks that most of them relate to internal assessment, while budget support and sectoral programmes are not evaluated. The report also points out that there are no impact indicators to evaluate the projects once implemented.

The CIDSE/Caritas paper notes that EC reporting tools mainly cover operational progress in implementation of programmes instead of focusing on the impact of aid on poverty. The paper also mentions a concern that is largely shared by CSOs: the results of evaluations are often not made public. The report also point out the low quality of the evaluations, that have “a checklist approach on activities” rather than looking at the impact of programmes (Eberlei & Auclair 2007, pp. 6 & 23-34).

The area of improving the monitoring and impact assessment of aid is one area where the Open Europe Pamphlet sees a reinforced role for the EC. They also suggest the EC as a centre for the promotion of best practice (p. 38, 39, 43), supporting the delivery of Paris indicators and ultimately MDGs.

Issues arising and possible gaps

The above points illustrate the basic dilemma of combining the multiple accountabilities of the EC with a practical need to focus relations on a limited number of interlocutors in formulating and implementing EC development policies.

- What is the best way to organise an open discussion about what is expected by different stakeholders in terms of accountability from the EC, and what would be a helpful reporting system?
- How in practice might the EC satisfy the long-standing demands of CSOs for greater consultation, involvement and information-sharing?
- What innovative ways could be developed for research on measuring impact?
- How can the EC support reflections on engaging citizens and parliaments in recipient states about the impact and effectiveness of aid?
- Is the monitoring of Paris Declaration targets undermining the actual delivery on MDGs which they are supposed to support, by diverting political energy and commitments from the MDGs agenda, and by focusing on donor driven agenda?
- How can the sector move from project accountability to aid effectiveness accountability?

5. To what extent are ownership and partnership principles being practised in EC cooperation?

Partner country ownership is about more than a relationship between donor and government. It is also about parliaments, civil society groups and other actors, including the citizens of the partner countries, having a stake in decisions that get taken, even if this does not lead to universal agreement. This has all sorts of implications for how programme aid especially is planned, managed and evaluated.

The literature seems to reflect an appreciation of the commitment taken by the EC to place ownership at the core of its guiding principles, but then indicates that this is not necessarily applied in practice. Central policy priorities defined in Brussels are seen as persistent constraints on partner country ownership. CSPs and GBS if handled correctly can be tools for a positive response.

The European Consensus (General Secretariat of the Council of the EU 2005, p. 7) identifies national ownership and partnership as a key common principle underlying the EU's development efforts. The OECD Peer Review team recognises that the EC is generally supportive of country ownership but its field visits showed that “*the extent of country ownership depends to a large extent on the capability and ambitions of the incumbent government*” (DAC 2007b, p. 54). ODI (Rocha Menocal et al. 2007, pp. 66-67) shares this concern. The OECD also stresses that many programme decisions are made in Brussels with little reference to country priorities (p. 54). A similar concern is expressed by the Reality of Aid Report, which indicates that in the name of security and stability, aid can end up being driven by security interests of the donor rather than by the development interests of the recipient (Reality of Aid Management Committee 2006, p 270-271). The CONCORD submission to the DAC, along the same lines, highlights that the EDF is being re-centralised with the creation of specific facilities and therefore is “*moving away from the national ownership principle*” (CONCORD 2007b, p. 2).

The DAC Peer Review also mentions alignment: it states that CSPs are a good response to the challenges of alignment, but is concerned that thematic and regional funding lines are managed in Brussels thus are not aligned with the partner country's priorities (DAC 2007b, p. 55). ODI (Rocha Menocal et al. 2007, p. 69) notes that CSPs have great potential for improving effectiveness, but are currently of widely varying depth

and quality. The CIDSE/Caritas paper agrees that new CSPs for 2008-2013 take the national poverty reduction strategies into consideration, thus improving alignment, but points out that the EC, as other donors, “*is using the often broadly formulated PRSPs to pick what best fits their interests*” (Eberlei & Auclair 2007, p. 50).

The DPS Study Report, in its discussion of the focus areas identified in the DPS, observes that ‘the principle of concentration on focal areas is much more strongly accepted than the particular selection made in the DPS, and there is a feeling that the focal areas can work against partner country ownership and not match the realities faced by different regions if focal sectors are not adequately chosen’ (Mackie et al. 2005, p. 8).

A multi stakeholder approach

The responses from interviewees fall under two main areas. First, there are questions about who benefits from the emphasis put on ownership and partnership. Secondly, a number of interviewees insist on the need to enlarge the concept of ownership beyond donors and governments.

Southern interviewees questioned to what extent ownership is a rhetorical commitment, rather than something followed in practice. A number of Northern interviewees recognised that ownership is often donor driven, in the sense that it often involves trying to get partner governments to ‘buy in’ to donor-sponsored national development strategies. On the other hand, one should also recognise observations by a number of interviewees and references in the literature that ownership also depends on partner governments (DAC 2007b, p. 54; see also ODI, Rocha Menocal et al. 2007, pp. 66-67 quoted above).

Interviewees generally accept the definition of partnership as setting up equal terms between the developing country and the donor in deciding priorities and aid modalities. In some respects, this depends on a minimum level of commitment (to development) and institutional capacity on the part of the recipient government. Some new Member States argue that they have a direct experience of the challenges of ownership, based on their own pre accession experience (time pressure, limited exit strategy that tends to lead to buying into the donor’s request). They emphasise too

that focusing on the aid component can undermine ownership²¹ unless it's part of a broader engagement on other issues that directly affect poverty (including trade, investment, conflict and migration).

While all respondents felt that greater ownership was important to making aid more effective, they also felt that the Paris Declaration commitments in this area aren't well known in developing countries, which suggests that ownership discussions are often defined and pushed by donors.

Interviewees raised two key issues in relation to aid management and political dialogue: First, this is best improved in the field, through direct links to the partners' administration, societal dynamic and institutions. So the process of devolution should be improved, as should the involvement of other stakeholders than central government officials. For instance, the fact that CSOs could have a role in improving accountability was a point raised by most NGOs but also by a number of officials. Ideas were given to translate it into practice, for example including CSOs as part of joint monitoring missions to intervention countries. Secondly, interviewees felt that ownership and partnership are only possible if there's a minimum level of transparency about what donors are actually doing, and if donor activities are responding to locally determined priorities. There is therefore a strong argument for making more use of local expertise, appropriate to the aid modality (for example the role of parliamentary oversight of budget aid, and of local CSOs and decentralised government involvement in local development).

The EC as a partner

Almost all interviewees agreed on the fact that the EC, as a sizeable donor in its own right and with a federating/coordinating role among EU donors, had specific features that could promote or constrain ownership and partnership. The value of a single EU reference point in-country is proposed by some interviewees, although they recognise how sensitive it is with regard to some Member States. Amongst Southern respondents there is a level of consensus that such a step would simplify and support better cooperation, especially when linked to efforts to contribute to improved downward accountability. High expectations are placed on joint programming as a key element to increase aid effectiveness, both in the North and in the South, and EDF10 is referred

²¹ e.g. donor/beneficiary relation as the basis for the transfer of funds.

to by many as the first test. Generally speaking for most respondents, the framework of ACP-EU partnership with the principles of co-management and co-decision does make a difference, especially in performance evaluation since indicators are agreed together.

However some interviewees question the practice of these principles, especially with regards to a number of issues that relate to EC management, procedures and staff. For instance, a common observation is that the EC is poorly equipped to handle political relations in the field. Most interviewees agree on the need to improve the EC's capacity to enter into political dialogue, and to engage in substantive policy dialogue. They argue for changes to the Commission's training and recruitment procedures for staff involved in international relations and development cooperation. The profile of the EC staff (especially heads of European Commission Delegations) is often mentioned as pivotal in the Commission's ability to enter into genuine partnerships at the country level.

The value of a single EU reference point (a 'European House' for instance) was raised by a few of the Northern interviewees even though they recognise how sensitive it is in relation to the bilateral presence of Member States. Amongst Southern respondents there is a good level of consensus that such a step would simplify and support better cooperation, especially when linked to efforts to contribute to improved downward accountability.

All interviewees cite the need to simplify, harmonise and align procedures as another precondition of partnership. Some felt that the consequences of the choice of aid modalities on the partners' institutional and political structures are not sufficiently thought through. For example, some see behind the increased use of budget support a risk of concentrating too much power in ministries of finance, and of marginalising key line ministries from policy debates. Some also question whether conditionality hasn't in fact continued – or even intensified – under budget support, as it has given donors a seat at the table in fundamental discussions over issues such as civil service reform and budget formulation.

Given the complexity of many EC aid procedures, most interviewees recognised that only EC staff or technical assistance (TA) can deliver the right format and respond adequately to all the EC reporting requirements, and that this inevitably limits ownership by partner governments. The impact of some tools on partnership and ownership is also questioned. For example, there are very mixed perceptions of the EC gover-

nance profile process (i.e. the EC is seen as being in the driving seat for establishing the agenda and doubts exist on the 'value of the contract' and its implementation); likewise there are concerns that TA is often failing to respond to partner priorities. In relation to the EC's facilitating role, there are divergent views on the benefits and risks of an increased EU coordination in the field: some fear for example that investing political energy in coordination and complementarity can become detrimental to alignment by shifting the focus away from the partners' priorities towards the donor priorities in the field. Others see an opportunity for the EC to take a lead in better informing the partner countries' citizens on cooperation and in supporting the improvement of government-citizens accountability.

Finally, despite recognition of the need to account for ODA, a few people strongly call for a different, less paternalistic, attitude in dealing with partnership. Inter alia this should include the way staff deal with financial management in the field, the approach to understanding the needs of partners, and a switch in the perception of procedures so they are seen as a tool to serve the objectives of cooperation and not an end in themselves. With respect to this last point, many interviewees, officials and NSAs from both Europe and the South felt that the incentives set by the European Commission for its staff were perhaps the wrong ones to encourage this shift in behaviour.

Integrating common challenges

There is general agreement among interviewees that one test of ownership and partnership is donor respect for the goals set by the partner country/region, and a shared commitment to those goals. When the political situation militates against a strategic dialogue, as in many so-called 'fragile states', it's important that EC delegations are able to fall back on the wider goals as set by both Southern and Northern governments at the multilateral level, such as the MDGs.

More generally, the integration of common global challenges like the MDGs, environmental threats, and the Paris Declaration commitments, into the strategic dialogue with Southern counterparts is valued as a fundamental dimension of EC relations with its partners. However, the risk of drifting towards a donor agenda is identified as one of the biggest challenges of partnership by respondents. Both officials and non state interviewees underline the risk of instrumentalising partners. For example, some interviewees expressed a concern that the Paris agenda provides donors with

cover for failing to meeting their pledges on aid volume, by diverting attention towards aid quality.

Some interviewees note that donors have their own internal agenda in which delivering on these aid effectiveness commitments carries real weight amongst their voters: the more the public is aware of the donor's commitment, the more the donor will want to prove that its performance is in line with these commitments. Some concerns were expressed by a number of interviewees about the limited capacity of the EC to coordinate a shift in practice of the EU donor community in order to focus cooperation on a shared vision with the partner. One respondent even argued that the day had not come when the EU donors would say 'Let's sit together and discuss what the government is asking and how we can deliver'. He hoped that the EC could take a lead in doing so more systematically.

Issues arising and possible gaps

- How can the competing visions of what EC aid should achieve be reconciled with global commitment and partners' priorities?
- How can the EC mitigate the risks involved in increased donor coordination?
- How can the development of accountability towards partners (including institutional and civil society actors) and their own constituency be envisaged in practice by the EC?
- How can the EC ensure ownership in partner countries where either political will or capacity appears to be lacking?
- What modalities help to better work collectively to really promote a more effective intervention in line with the partner's priorities?

Conclusions

As this is a discussion note which seeks to generate debate and further inputs the conclusions outlined here represent a brief summary of the issues outlined in the note, and points to 4 topics which we feel would merit further examination and debate in the next phase of the project's life.

Further food for thought can be found in Annex IV *“Recommendations for changes to EC aid policies and practice”*, in which a list of the various recommendations made during the interviews with stakeholders is provided.

First, the note reviewed whether the existence of a **common understanding of key priorities** for EC development cooperation exists or is emerging. The purpose of this section was to identify key concepts and objectives, and ask whether there's a shared agreement on what these entail. The review shows a reasonable degree of consensus around the comparative advantage or added value of EC aid. However, the aid allocation criteria used by the EC are often criticised in the literature for the insufficient focus on poverty eradication. This begs a major question: what should EC aid be effective for, and how does the lack of common agreement over objectives affect what we seek to measure in terms of impact?

In the second part we addressed questions of **how the EC development and aid management architecture affects the perceived effectiveness of EC aid**. It focused on the role of procedures, staff capacity, the EC's administrative structure and particularly the influence on EC aid effectiveness of the EU's institutional architecture. Here we conclude that the current state of the debate points to the need to thoroughly evaluate the impact of the present EC structure on poverty reduction and development objectives, before defining what the next generation of structures (e.g. budget and institutions) should be. The adoption of the new Treaty and creation of the Common European External Action Service is a good opportunity to reflect on a number of questions and gaps and to draw lessons from past and on-going experience in order to see how the system can be adjusted for more effective aid.

The specific **added value of the EC in relation to the EU donor community** is discussed in the third part of the note. We found some consistency in the interview responses about the theoretical benefits of EC aid. These are the usual benefits ascribed to any

multilateral body, plus the advantages of having non-aid and policy instruments at its disposal. The core of the debate seems to be about whether in practice the EC is able to realise these potential benefits, and if not, why that is the case.

Part four of the note reviewed questions related to **enhancing accountability and the public debate**. Among other issues, it discusses the EC's multiple accountabilities, its communication with stakeholders and overall transparency. The note explored the basic dilemma of combining the multiple accountabilities of the EC with a practical need to interact with a limited number of interlocutors in formulating and implementing EC development policies. Effective aid requires striking the right balance between methodologies, monitoring and implementation. The difficulty of improving accountability to recipient countries, and beyond that to poor communities is also apparent.

Finally, the note raised questions about developing **ownership and partnership** in practice. Partner country ownership is about more than a relationship between donor and government. It is also about parliaments, civil society groups and other actors, including the citizens of the partner countries, having a stake in decisions that get taken, even if this does not lead to universal agreement. This has all sorts of implications for how programme aid especially is planned, managed and evaluated. More generally, the integration of common global challenges like the MDGs, environmental threats, and the Paris Declaration commitments, into the strategic dialogue with Southern counterparts is valued as a fundamental dimension of EC relations with its partners. However, the risk of drifting towards a donor agenda is identified as one of the biggest challenges of the partnership by respondents.

Following our reflections and analysis the 4 areas which we feel particularly merit further debate and discussions are:

1 Added Value of EC Development Cooperation

The interviews have highlighted significant differences of perspective between different stakeholders. There are concerns that the potential advantages of EC development cooperation policies are not being realised and questions about capacity, but also about whether the EC is facing unrealistic and sometimes contradictory demands from stakeholders.

2 Institutional Architecture of EC Development Cooperation

The question of poverty focus of EC Development Cooperation is explicitly linked to that of the institutional architecture, budget structure and policies which separate out different regions. Within the framework of the Lisbon (Reform) Treaty, discussions around the new EU High Representative for Foreign Affairs and Security Policy may provide an important opportunity to address some of these inconsistencies. Similarly, the development of the new Common External Action Service may also create some space to reflect and reform.

3 Development Policy reform and implementation

There have been major reforms of EC development policy in the past five years, but it is less clear to which extent these policies have been or can be implemented in practice. This has to do with skills and capacity in the EC, with how EC aid is organised institutionally and with how much space Member States will concede.

4 Accountability and monitoring for impact

There is a clear tension between upward accountability towards EU Member States and downward accountability towards recipient governments and ultimately poor communities. This results in a focus on accountancy over accounting for impact. The EC needs to implement the Paris targets, but it needs to go beyond this by investing more in evaluation of results and in responding to people living in poverty.

The road ahead

This discussion note will serve primarily as a basis for exchanging in-depth views about EC development cooperation during the second stage of 'Whither EC Aid'. Systematic and focused discussions among key stakeholders will be organised according to a 'roundtable' format in several European capitals and partner countries. At the same time, the note is intended to enlarge the audience of the project (see Annex I). It will provide the starting point for a broad based e-consultation about EC aid that will generate additional inputs for the final report. **weca-ecaid.eu**

Chapter III

Round Table reports



Roundtables and workshops (both in Europe and in the South) formed a crucial part of the consultation phase of the Whither EC Aid project. Together with our own research, the results of the workshops fed into the final report on Whither EC Aid. The overall objective of the proposed workshops was to *generate debates amongst small groups of interested stakeholders to contribute to reflections on the added value and effectiveness of EC aid*. Specifically the workshops aimed:

- To introduce the project and present the initial findings;
- To test these first findings to stimulate reactions and debate among the participants;
- To specifically discuss a few arising issues, determined in advance with the participants;
- To generate recommendations on how the quality of EC aid can be improved;
- To broaden the ownership of the process by asking participants to disseminate the discussion note and to invite different stakeholders to engage in the process;

Workshops were organised in Brussels, in a number of European capitals and in at least 3 countries in the South. Each workshop lasted half a day, and included around 10-15 participants. The initial discussion note served as a basis for the debates. The role of ECDPM and AAI was to chair and facilitate the discussion as neutral brokers and to organise the workshop together with the organisation hosting the meeting.

Brainstorming session with EU NGOs. Brussels, 18 December 2007

Comments and suggestions on content:

- even different EC levels (headquarters – delegations) have different views on what their role is.
- budget support: need for citizens' ownership, not just International Non Governmental Organisations (INGOs).
- budget support is not really harmonised, is still very bilateral: it's the EC's criteria, EC's timeline, EC's indicators, EC's assessment etc; the culture hasn't changed yet, it's just a different mode.
- often Poverty Reduction Strategy Papers (PRSPs) are so general that it is easy for the EC to say that budget support is aligned to them.
- it's extremely difficult for local CSOs to comply with requirements for grants
- since the EC has no political power, the only leverage it has is to stop funding (something it cannot really do because of commitments).
- lack of accountability: the EC doesn't acknowledge the role of civil society as counterbalance to governments.
- political dialogue is good in principle, but might end up being just more people talking to the recipient country.
- risk of donors "ganging up" if harmonisation is done according to EU standards.
- the EC thinks it has an added value in looking at fragile states, but MS might not agree.
- EC has a special mandate on trade and sees trade also as a development instrument.
- looks like the only accountability the EC considers is the Court of Auditors.
- southern CSOs have high expectations on the EU as a donor (perceived as a better donor than US, WB etc) but then find it extremely difficult to work with the EU, hence their disillusion.
- EU mostly perceived as a bank, while the US is perceived as a political actor.
- EC is trying to "protect" humanitarian policies from the Council, but doesn't do the same with development policies; EC's humanitarian and development policies are in general very different.
- development doesn't have the same international law basis as humanitarian aid; also, ECHO creates a "club" of NGOs which have signed the framework contract,

while in development this doesn't exist.

- however “clubs of NGOs” are even smaller at MS level than at EC level: each MS has its “favourite” NGOs to work with; EC is more open, though often it is just an illusion.
- development NGOs tend to think that everybody has to have access to EU funding, while humanitarian NGOs don't think so.
- EC is more arrogant than DFID in imposing its priorities
- it would be helpful to have indicators measuring bureaucracy in order to assess whether the EC is better or worse than other donors re. procedures.
- often when MS harmonise, they harmonise around WB indicators, so it is not necessarily a bad thing if the EC follows another path.
- the divide between DG DEV and ECHO is particularly inefficient.
- EC is under pressure by conflicting inputs from MS: some wants it to be a mere implementator, others urge it to become a “developer of development”.
- EC wants to play a role in foreign policy, security, migration etc even though it has no means to do so (up to now: the Lisbon Treaty and particularly the creation of the external common service might change this).

Comments and suggestions on methodology / next steps:

- need to look more at division of labour since it is one of the EC's new priorities
- good idea to take into account several different voices from the South.
- need to further analyse budget support, especially its political aspects such as conditionalities.
- the section on ownership and partnership should be more integrated into the note instead of being separated.
- interesting to interview Southern NGOs since their perception of the EU varies according to the efficiency of the local EC delegation.
- it would be useful to interview other non-European donors (UN, WB, USA etc).
- in general we should compare more the EC with other donors (e.g. we could ask the roundtable participants for a comparative analysis).
- since local NGOs might feel intimidated by the presence of donors, it would be better to organise roundtables only with NGOs.
- look at the link between budget support and technical assistance.
- it could be useful to interview African ministers, particularly those who deal / negotiate with the EU.
- we tend to talk a lot about our relationship with the EC; it's good that WECA looks

at the EC per se.

- it would be interesting to ask more people in the south about their “perception” of the EC and EC aid.
- the word “whither” is difficult to understand for non English native speakers.
- we should ask people in the south what they think of the way the EC communicates its aid policies (jargon).
- we should look at the implication that the Lisbon (reform) Treaty will have on foreign policies, especially re the creation of the external common service.
- it could be interesting to organise a roundtable in the US.
- make sure that those who register for the e-consultation receive regular updates of new contributions posted.
- interesting to look at the fact that the EC is channeling more and more money through UN agencies.

Issues we should further analyse:

- budget support
- code of conduct
- how to engage more people from the south
- policy coherence / mix
- humanitarian aid
- Lisbon Treaty and its implication in foreign policies
- how to communicate EC aid

Roundtable with DG Development, EC. Brussels, 17 January 2008

Summary: *Interesting and wide-ranging discussion on the various threads emerging from the discussion note. High level of engagement from DG Dev Senior Management, including comments on many of the challenges highlighted in the Discussion note as well as many proposals and ideas for next steps.*

Introduction

'Whither EC Aid' (WECA) is an independent, joint ActionAid-ECDPM project that aims to contribute to a broader based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalisation of an initial discussion note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. To this end, the first in a series of roundtables took place on Thursday 17 January at the European Commission's Directorate-General Development (DG DEV). Around 15 officials attended, including Director-General Stefano Manservigi and Deputy Director-General Bernard Petit (see section 5).

The roundtable started with an introduction by Joanna Maycock (ActionAid; chair) and a presentation of the main issues identified in the discussion note by Gwénaëlle Corre (ECDPM). This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform European Commission DG Dev staff about the WECA process so far and to introduce the main findings from the project's first phase.
2. To have an open discussion about the key issues emerging from the project.
3. To share plans for the next stage of the process and seek concrete commitments and/or proposals from DG Dev for their engagement.

Key emerging issues

The main themes of the discussion were as follows:

1. It was argued that the starting premise of the discussion note is actually a major final objective for DG DEV : the EC plays a central role in EU development cooperation. The **focus of the project** should not be restricted to EC aid: it should look at the broader role of the Commission in EU development policy (see e.g. item 6).
2. A great deal of discussion centred on the scale and speed of change in the global political and economic environment, and the **changing views on the reasons and means to eradicate poverty**. In a nutshell: the shift away from the direct investment in public services towards supporting integration into the global economy and support for good governance. Also, debates among aid experts only may fail to recognise the importance of more popular views on aid, which often make the connection to migration and security. It was felt that these different views on poverty must be taken into account when assessing EC aid effectiveness.
3. The importance of trying to encourage participants in WECA workshops to see the whole picture, rather than the particular aspects of the aid agenda they are used to dealing with (be they political or technical). In this respect, emphasis was also placed on the need to gather views from different actors : Member States, European Parliament, Joint Parliamentary Assembly (JPA), CSOs.
4. The difference between the EC's **added value** and its **comparative advantage** was seen to be in need of clarification. The former concerns a.o. the EC's federating role, whereas the latter determines in which sectors (and countries) the EC should be most active.
5. All agreed that much greater emphasis is needed on **communicating with stakeholders** including taxpayers in Europe in order to secure support for development. In light of increasingly complex global realities, and shifting views of the role and purpose of development cooperation outlined above, this will be especially challenging. The European public at large seems relatively unaware of what the EC is doing in the field of development cooperation, even though the level of interest in the subject is high because of concerns related to social equity, security and migration (see also item 2). Given these priorities, the European public may favour a federating role for the EC more than Member States do. However, it is interested

in what is being done concretely to address these concerns rather than in EU aid's exact institutional infrastructure.

6. The EC clearly sees the *federating role* it plays within the EU as crucial and inadequately recognised by stakeholders in the discussion note. Notwithstanding the OECD/DAC's 2007 Peer Review of the European Community which stressed the unique role of the EC as a federator of EU development policies, the Commission is often solely seen and assessed as the EU's "28th donor" by specialists. It would be helpful to have more challenging discussions with different stakeholders about how they really see that specific role of the EC, including its position in various international fora. The sheer scale of today's poverty challenges requires coordinated action. It is evident to the EC that the EU can improve its impact, its credibility and its influence in the international scene by acting increasingly as one. Without that stronger common action, the EU Member States and EC will become less and less relevant in an increasingly crowded international context. Are other actors really committed to this vision of the EC's federating role? How far are they prepared to accept the EC as an authority in order to achieve results? If not, what alternative are they proposing?
7. *Assessments of the impact of EC aid* must be more consistent with the actual political framework, institutional constraints and infrastructure, skills and capacities. Some participants felt that the EC's donor performance is scrutinised much more closely than that of others, restricting its room for manoeuvre. The different interests of its numerous stakeholders may prevent the EC from being seen as a top performer compared to other donors. The feeling is also that the complexities of EC development cooperation, and consequently the difficulties tracing its impact are badly understood by those that judge it (cf. item 6). It was remarked that the EC can be held accountable to its commitments, but it is not possible to measure outcomes in the form of e.g. a results database.
8. It was noted that the principle of *mutual accountability* implies that the EC can require governance standards from partner countries. These serve two types of accountability: on the one hand, governance standards ensure accountability of partner governments to their own citizens. On the other hand, they promote accountability of the EC to European citizens, by showing that aid is not wasted. In terms of its own accountability to partner countries, efforts to increase the predictability of EU funds were seen as key.

9. **Aid architecture** was seen as a key concern: there is currently a high degree of fragmentation that results from the tensions between a geographical versus a functional organisation of EC aid. The Lisbon Treaty offers a number of opportunities and challenges in this respect, e.g. the creation of a Common External Service, and the new position of High Representative as the Commission's Vice-President. The latter could, as a result of the Lisbon Treaty, ensure strong upstream coordination and policy coherence. However, this depends on the question whether the Commission President will give more power to the Vice-President compared to other Commission members. Although a 27-member Commission will remain a reality for the time being, intra-EC communication is intensifying. It was felt that such opportunities (particularly those improving upstream communication) must be exploited to a maximum, after which new models for the EC aid architecture should be explored. As a concrete way to do this, a suggestion was made to use different Member States' development cooperation models as benchmarks for reforms to the EC's aid architecture. It is crucial that policy be further centralised, while implementation must be further decentralised. In other words, a hub for development policy-making and knowledge must be created at the European level.
10. It was emphasised that there is room for improvement in ensuring **policy coherence**. Internal policies must 'open their windows' to development. The **coherence of programming** in EC development cooperation was also addressed: in the views of some, the inter-Service Quality Support Group is not working optimally to ensure this.
11. **MDG contracts** were seen as a potentially useful way to promote predictability, partner ownership and responsibility by encouraging partners to engage in predictable, targeted policies.

Issues for further discussion

A number of specific issues arose during the debate as meriting more detailed discussions :

1. More discussions on the challenges and opportunities presented by the Lisbon Treaty would certainly be welcomed.
2. More discussion on EC and Budget support would be welcomed, especially in the context of ownership and predictability: this could perhaps also be linked to the initiatives on governance and development.
3. The EC has a clear interest in generating more discussion on the question of comparative advantage and added value. It would especially like to see other donors encouraged to reflect on this more in order to deliver their reflections at the HLF in Accra, similar to the conclusions and recommendations following from discussions among DAC members.

The timeliness of the project and the content of the discussion note were highly appreciated, especially given the preparations for the High-level meeting to review progress on implementing the Paris Declaration (Accra, September 2008). A question was raised as to the compatibility and hierarchy of **WECA's main objectives**: taking stock of current stakeholder perceptions of EC aid versus indicating where the pledged aid increases should be directed.

Given the limited time available and the wish of a number of participants to study the initial discussion note more closely, it was agreed that more comments on the note could be sent to the project team after the roundtable. Comments and suggestions can also be posted on the WECA's dedicated website: <http://weca-ecaid.eu>

Wilton Park Conference, UK. 21-24 January 2008*

* Conference “European Development Policy: Aid Effectiveness and Key Priorities”

The next few years are likely to be a particularly important period in the evolution of the EU development policy. Preparations are being undertaken for the Accra High Level Forum on Aid Effectiveness in September 2008, to be followed by the ‘Monterrey plus six’ conference in Doha at the end of the year. Within the EU the adoption of the Code of Conduct on the Division of Labour may lay the foundations for significant change in the implementation of national and EC administered aid programmes. At the same time discussion is beginning on the possible impact upon development policy of the possible changes emanating from the adoption of the proposed Treaty of Lisbon and the appointment of a new Commission.

The Paris Declaration

The Paris Declaration on Aid Effectiveness (OECD 2005) called for ownership, alignment and harmonisation. Donors acknowledged the primacy of the partners’ ownership of their development agenda and committed themselves to aligning with their development agenda, together with supporting the strengthening of their operational frameworks (e.g. planning, budget and performance assessment) and utilising their financial systems where possible. Donors also committed themselves to harmonisation, which will require establishing common arrangements, simplifying procedures and sharing information. The extent of the challenge is indicated by the 10,453 missions to 34 countries carried out by aid donors and the 75,000 new aid contracts in 2005. It is hoped to establish an evidence-based mechanism for both donors and partner countries, creating mutual accountability, by 2010. A number of indicators have been selected to monitor progress, with five targets selected²² for achievement by 2010 and an additional seven to be defined.²³ The first Round of Monitoring has already been completed to provide a baseline to measure further progress. This will be reported at

22 75% of ‘partners’ have operational development strategies; 85% of aid flows reported in partner country budgets; 75% aid released on schedule; 25% of aid programmed; 75% of partners have a results oriented framework.

23 Number of reliable country procurement and public finance systems; percentage of aid using such systems; percentage of aid through co-ordinated programmes; number of parallel project implementation structures; untying of aid; shared country analysis; number of partner countries that undertake mutual assessment.

the Third High Level Meeting in Accra which will also address a large number of issues, including the untying of aid, the predictability of aid flows, conditionality, capacity development and the division of labour. Preparations for the meeting have included wide consultations on public finance management, procurement, managing for development results and monitoring the implementation of the Paris Declaration.

The EU has already demonstrated it is engaging with these issues through the proposal for the MDGs contracts, the move to general budget support and the Code of Conduct on the Division of Labour. The EU has an opportunity to drive these discussions forward, but to realise its full influence it must ensure a co-ordinated approach to fully realise distinctive European values. It has also been argued that the EU has the opportunity to engage the aid recipient countries more effectively in the process of enhancing aid effectiveness through ensuring their full participation in the debate.

The European Union

The EU as a whole provided 56% of all ODA in 2006 (DAC), with the EC administering 17% of this total. Of all multilateral aid the EC disburses 36 % (2006), the World Bank 26 % and the UN 19 %. Of EU aid Germany funds 22 %, France 20 %, the UK 15 % and Italy 13 %. By contrast world bilateral aid is dominated by the US 22%, with the UK providing 11.9%, France 10.1% and Germany 10%.

Multilateral aid should, in principle, offer a number of advantages over bilateral programmes. By its nature it overcomes some of the problems of coordination and complementarity, whilst also offering the potential for more politically transparent and consistent development policies, free of the commercial and political considerations that may characterise national aid policies. The EC also offers a significant advantage in ensuring policy coherence through its responsibility for both aid and trade policies. The EU is also unique amongst international agencies in that it is treaty based, has access to its own resources in the general budget and EDF, and is represented by permanent institutions. Its external policy may be reinforced should the Lisbon Treaty be ratified. Its objectives are dominated by the commitment to the eradication of poverty within the context of the MDGs, supplemented by a strong commitment to the achievement of policy coherence.

Currently it would appear that the Member States of the EU will achieve their aid targets under the MDGs, although changes in Europe's economic circumstances could

compromise the fulfilment of Member States commitments. However this substantial increase in aid funds, both bilaterally and through the EC, will result in increasing emphasis upon aid programmes demonstrating clear results. Progress on the achievement of aid effectiveness has already been reflected in the adoption of the Paris Declaration, and within the EU of the Code of Conduct on the Division of Labour and Complementarity COM(2007)72.

Although MDGs still provide the central focus for the global development debate they are incomplete, failing to address issues such as governance, trade and transport. But the debate is already widening towards questions of aid architecture and the introduction of new issues. At the same time there has been a proliferation of aid financing mechanisms, now over 1000, which impose significant costs upon the recipient governments. While there is a commitment to harmonisation and alignment it is not clear that this in itself is adequate. Only one quarter of aid is provided by multinational institutions, and although bi-lateral aid can be flexible and experimental, it is argued that changing the aid architecture will require the proportion of multi-lateral aid to significantly increase. Given the current Financial Perspective, determining its budget until 2013, its share in total EU aid will decline from its current 20% to 11% by 2013 as a result of the additional commitments of the Member States to the growth of their bilateral programmes.

The Code of Conduct

The Code of Conduct (COM(2007)72) addresses both in country, cross-country and cross sector coherence. With bilateral aid accounting for 75% of total ODA effective implementation of the Code of Conduct has the potential to make a significant contribution to aid effectiveness. With large numbers of donors, rationalisation through division of labour is essential²⁴ and this takes the EC beyond the role merely of coordination.

Although voluntary, it committed the Member States to confining their bilateral programmes to no more than two sectors within a developing country although additional resources can be made available for budget support and for civil society, education and research. In each priority sector a lead donor was to be selected from amongst those Member States with bilateral programmes or the EC. In addition the number of active donors in each sector was to be reduced to a maximum of five, but

24 For a discussion of division of labour see Murle (2007).

at least one donor must operate in every sector relevant to poverty eradication. The Member States also undertook to increase the geographical focus of their national aid programmes in consultation with the EU, but also to address the problem of 'aid orphans'. EU donors also committed themselves to identifying more clearly their comparative advantages and to pursue other areas of complementarity (e.g. across national, regional and international levels or across aid instruments). But establishing which donor has a comparative advantage in a particular area is to be undertaken by self-assessment. This may prove a significant weakness if there is no clear criteria. For the EC its comparative advantage is seen in post-conflict situations and infrastructure investment or in addressing 'orphan topics' such as land rights and the sale of arms. In addition the EC will be ideally placed to fulfil a coordination role in furthering the effective implementation of these commitments.

Although the Code of Conduct is regarded as a milestone in the advancement of aid coordination and harmonisation, there are differing views as to its likelihood of success. At one extreme it was regarded as a 'piece of fantasy' but most regard it as an important foundation on which to build, its success depending to a considerable degree upon the response of the Delegations of the EC and Member States in the developing countries in operationalising its principles. The local application of the Code of Conduct will require considerable flexibility in order to take account of local conditions, but this should not be seen as an excuse for inertia.

Coherence

Coherence will in particular focus upon the relation between trade and development objectives, and may be reflected in the EU's approach to the Doha round of the WTO.

Although the EU has been seen as proactive in sustaining the Doha round, in particular addressing the issue of agricultural subsidies, the need for a sustained effort remains. Similarly in regard to the Economic Partnership Agreement negotiations with the ACPs, where commitment to the development dimension is also explicit, concerns have nonetheless been raised about their potential adverse impact upon the process of regional integration.

More explicitly the relationship between development and EU security objectives has emerged as a priority for the Community, and this relationship will be enhanced under the Lisbon Treaty. The linkage between development policy and security is 'context

dependent' and presents the challenge of ensuring that development policy does not become merely instrumental. But the general relationship between development policy and foreign policy is no longer regarded as an issue for debate, the focus now is upon the reality of the interaction of these two objectives.

Governance is seen as an essential prerequisite to a successful development policy. Without good governance the relationship between aid and economic performance remains a weak one. But while committed to a substantial increase in the volume of aid, the EU is also facing increasing competition from alternative aid donors which, together with the financial benefits of the commodity boom for some developing countries, is resulting in its leverage weakening as it attempts to achieve its governance objectives. China in particular offers a demand driven, unconditional donor programme.

The EU has also committed itself to systematising its approach to PCD.²⁵ Policy coherence has a number of dimensions: internal, intra-government and inter-governmental/multilateral and donor-recipient. The EC has sought not only to achieve PCD within its own process of policy formation, but has also seen itself as having a central role in promulgating PCD within the Member States. The document 'Policy Coherence for Development' (COM(2005)134) signalled the new priority to be given to this objective and the acceptance by the Member States of the central role to be played by the EC. It included a commitment to improve PCD in twelve specific policy areas, including trade, agriculture, fisheries, migration and security.

Since 2005 the EC has sought to establish organisational mechanisms specifically to address the requirements of PCD. These have included the creation of an inter-service group on PCD and a specific unit within DG DEV, and the development of an Impact Assessment System. The new format for CSPs adopted in 2006, provides for PCD to be specifically addressed, offering an opportunity for the partner countries to highlight their main concerns regarding the non-aid policies of the EU. Subsequent analysis has shown that trade policy is addressed in almost all CSPs, with agriculture and fisheries considered in half. However how far the CSPs will influence the relevant policy debate in Brussels remains to be seen.

25 For coherence and coordination studies see www.three-cs.net

In 2007 the first bi-annual report on PCD was published. The findings confirmed those of a previous study²⁶ in that “the mechanisms examined were relatively effective” but “the most common obstacles included the lack of adequate political support, unclear mandates and insufficient resources.” The assessment of practice at the national level was far more mixed. A wide variety of organisational approaches were taken to achieve PCD within national governments, including inter-Ministerial Committees, consultative bodies and ‘whole-government’ approaches, such as in Sweden. The general commitment to PCD depended upon political support, capacity and knowledge, degree of involvement of development cooperation staff and attitude to the trade-off between development and non-development policy objectives. Where national Parliaments are actively involved in development policy, PCD is more likely. Overall the Member States viewed the commitment to PCD of Ministries other than Development as being only moderate, and varying according to policy areas and the level of understanding of PCD issues, while noting a lack of transparency and accountability for PCD. Even at the EU level accountability presented a challenge, particularly in the implementation of new and politically sensitive policies.

The biennial report (EC 2007b) identified a number of outstanding issues. These included the need to improve Council procedures, especially to ensure that PCD is considered within the Council Working Parties, improved information sharing on PCD issues, intensified exchanges with the European Parliament and in the dialogue with partner countries. Better use of the Impact Assessment process was also advocated, although this often presents substantial methodological challenges. Impact assessments, as employed during trade negotiations, have also been viewed by some critics as political ‘window dressing’ rather than as a useful contribution to the debate.²⁷

Aid Architecture

An important contribution to aid efficiency will be achieved through enhancing the predictability of aid flows. The EC is addressing this through its move to general budget support and a proposal for MDG contracts offering conditional flows over a ten-year period. Although budget support has the potential to offer faster aid delivery, address the problem of fungibility and ‘open up policy space’ for the partner country, it also presents the danger of micromanagement by donors to meet the demands of

26 "The EU Institutions and Member States Mechanisms for Promoting Policy Coherence for Development: Case study and the role of the interservice consultation mechanism in the promotion of PCD within the Commission", Studies in European Development Cooperation Evaluation, No 4, 2007.

27 see Dearden (2005).

accountability, or unwelcome involvement in the partner country's political sphere. To achieve successful general budget support will require better data and monitoring and should not be viewed as merely offering administrative economies to donor agencies and faster rates of disbursement. Although the EC has been subject to considerable criticism at its slow rate of disbursement, this rate has recently increased. However this presents the danger of the neglect of the importance of aid effectiveness and the quality of the dialogue with the partner countries. It also presents a political challenge in the reduction of aid visibility with the move away from project aid.

The choice of policy instruments and the degree of conditionality is dependent upon the local context. Conditionality must be clearly specified and is a 'shared responsibility' with the partner country. Conditionality becomes most important in those recipient countries where government lacks any real commitment to the development of its people but are focused upon regime survival. In addition there is the problem of aid dependency and sustainability. In three African countries 60 % of government expenditure is met from foreign aid. There also remains the question as to whether the focus upon social expenditure may have led to the relative neglect of the productive sectors or whether such social expenditure lays the foundations for economic growth. However, the most recent evidence is that the recipient countries demand for funding for the social sector is declining, although only slightly amongst the ACPs.

Administratively the EC has begun to simplify its aid instruments. Reducing the number of budget lines from thirty to nine. But it remains a subject of criticism for its bureaucratic complexity amongst both partner governments and NGOs.

From the perspective of the partner countries the development agenda appears too often to have been driven by donor priorities. In part this reflects the limited capacity of their administrations. There remains concern that longer term strategic planning has been neglected in order to respond to short and medium term donor requirements such as public financial management. The broader weakness of public institutions remains to be addressed if local accountability is to be achieved.

Non-State Actors

NGO are concerned with the delivery of programmes, advocacy, monitoring and, in the case of European organisations, the support of their southern equivalents. The particular challenge is to reconcile the EC's need for financial accountability with the admin-

istrative capacity of NGOs or other parts of partner country civil societies. There is a need for a more coherent approach to assessing NGO effectiveness while at the same time avoiding unnecessarily complex monitoring mechanisms. Politically there is the difficulty of providing support for the more diffuse 'social movements.' The principal criticism by NGOs is the inflexibility of the current financial instruments which have been seen as undermining capacity building in civil society. In terms of the participation process under the CSP/National Indicative Programs (NIPs) this is viewed as weak, involving information provision rather than consultation. It is proposed that the EC should develop a roadmap for the engagement of civil societies at the local level.

Institutional Setting

As well as efficiency the EC needs to demonstrate its comparative advantage and pursue its reform agenda. While some argue for its unique values, as expressed in Lisbon Treaty Article 1 A, in its political institutions as under Cotonou, or in its political commitments as in the Development Consensus or Regional Strategy for Africa, it nonetheless demonstrates some significant organisational weaknesses.

The issue of the division between DG DEV and DG RELEX is an unresolved issue, as is the division between EDF and the general budget. There is a general consensus that the opportunity for reform of the EC's organisational structure, which will be precipitated by the creation of a new Commission and the restructuring under the Treaty of Lisbon, should be seized to unify development policy responsibilities under one Commissioner responsible for both policy and implementation across all regions. If a full Commissioner proves not to be feasible then a 'junior Commissioner' would be essential. The continued existence of a separate Development Commissioner is regarded as necessary to defend long run development objectives against the demands of foreign policy; especially with the potential enhancement of the EU's international role with the creation of the EU 'Foreign Minister' combining the role of High Representative and Vice President of the Council. Nonetheless it is recognised that the relationship between development and foreign policy objectives is an intimate one. While the geographical separation of the ACP and non-ACP group of developing countries is clearly unsatisfactory, whether DG DEV should be integrated into DG RELEX, in recognition of the intimacy of the relationship between development and foreign policy, or DG DEV should take responsibility for all development matters, is unclear. The creation of one integrated DG DEV would offer the possibly desirable option of ending the division between policy formation and implementation through the inclusion of EuropeAid.

The merging of DG DEV and DG RELEX would also raise the question of the long-term future of the ACP group. Although the Cotonou Agreement continues until 2020, the decision of the EU to negotiate regional Economic Partnership Agreements and to offer 'Everything-but-Arms' non-reciprocal duty-free trade concessions to all low-income developing countries, undermines the coherence and primacy of the ACP group. Proposals to merge the EDF into the budget of the EU would reinforce this process. However the unique political institutional arrangements which sustain the Cotonou partner dialogue, together with its integration of both trade and aid dimensions, should be preserved and might provide a model for future relations between the EU and the developing world.

The needs of development policy also remain to be addressed should an External Action Service (EAS) be created. The options for an EAS range from the maximalist, where it is responsible for all external relations, to the minimalist where existing structures remain intact and it merely adopts a coordinating role. It is most likely that the development function, and its staff, will be absorbed into the EAS but others are likely to argue for them to remain separate. With all EU permanent staff following the 'diplomatic service pattern' of four yearly rotation there may well be problems in ensuring continuity of local knowledge, especially as Delegations move away from a principally administrative role to one of analysis and policy formation.

So far this general debate appears to have been relatively limited, with no involvement of DG DEV despite its request to be involved in any discussions at an early stage. But whatever the outcome of organisational reform it is essential that it follows the principle that organisation should be determined by policy needs and not policy by institutional structures. It is also regarded as essential to avoid any further moves to inter-governmental mechanisms.

For the EC to fulfil its potential it must have the confidence of the Member States and achieve this it must become a knowledge-based organisation. Although progress has been made in moving towards a 'learning organisation' the emphasis upon disbursement rather than effectiveness, upon auditing rather than evaluation, remains a weakness, as does the limited relation to the European development research community. If it is to move towards becoming a results-based organisation the development of robust agreed methodologies and standards is essential. Finally, the role of the EC in promulgating best practice across EU bi-lateral aid programmes remains a crucial one. Although the EU has moved beyond traditional 'institutional charity' in its relationship with developing countries, it has driven the debate about aid volumes and aid

effectiveness and has a significant potential to contribute to global action on such issues as security and climate change, its future effectiveness depends upon the degree to which Member States are prepared to “federate around a common policy”. One of the most sensitive areas in which this commitment is likely to be expressed is in the issue of European representation on international bodies such as the (IMF) and World Bank. Would a smaller number of collective ‘EU representatives’ enhance the influence of the EU in these international bodies or is its influence more dependent upon its ability to demonstrate the value of its contribution to global challenges such as climate change?

Conclusion

There is a lack of any clear relationship between the volumes of aid and a country’s development. The experience of Senegal, a major recipient of aid, which has recently been reclassified as a low-income developing country, contrasts markedly with the economic takeoff of China, which has not received significant recent aid flows. The response to such criticism is to argue that donors in general have been adopting the wrong modalities or framework to achieve their objectives, or that factors beyond the donors’ direct control have intervened. Whilst it has been suggested that a period of a significant increase in aid flows would be particularly favourable to any reform agenda, it must carry with it the danger that attention will be focused upon disbursement rather than effectiveness.

The MDGs remain the dominant target framework and criteria for assessment of success in development policy. Nonetheless it is questionable whether the social sector bias that might carry with it the dangers of unsustainability and aid dependency. The greatest political danger is that the increased commitment of resources to development policy will carry with it a political expectation which may not be fulfilled. Innovations in aid frameworks and modalities might best be undertaken in an environment where aid volumes were expected to be more stable. It would be unfortunate in the extreme if the substantial increase in aid volumes becomes part of the development problem rather than part of the solution. If aid is increasingly seen as part of the problem, then what is the exit strategy for EU aid?

Dr Stephen Dearden
March 2008

Wilton Park Reports are brief summaries of the main points and conclusions of a conference. The reports reflect rapporteurs' personal interpretations of the proceedings – as such they do not constitute any institutional policy of Wilton Park nor do they necessarily represent the views of rapporteurs.

Appendix - Observations and Recommendations of Working Groups

How can implementation modalities be negotiated without conditionality?

Conditionality is not undesirable in itself. The objective should be to ensure that only the minimum necessary conditionality is applied, based around fundamental common principles. Conditionality is most likely in cases of bad governance and illegitimate regimes.

What changes are required by donors and government to improve alignment and mutual accountability?

- a. Domestic accountability through the strengthening of Parliamentary scrutiny and involvement of civil society reinforced and broadened.
- b. Donors must commit to improving transparency through the accessibility of information on budgets and programmes.
- c. There must be improved ownership of programming and the design strategies, with a clearer indication by partner countries of their expectations.
- d. There is a need to engage with Parliaments to address the problem of corruption and to improve communication of results.

It was recommended that long-term investment should provide independent public policy capacity in partner countries, and an independent ombudsman or independent monitors at national/international/EU level should be created.

Aid effectiveness and the private sector: what can NGOs, governments and donors learn from the private sector and vice versa?

The private sector can provide experience of managing for results, but should aid subsidise the development of enterprise? The poor offer the potential of a commercial market but there remains the issue of trust in the involvement of foreign enter-

prises. It was recommended that the role/ potential to deliver of the private sector is recognised; dialogue to support mutual ownership through an enabling framework is encouraged; and the importance of accountability of private enterprises for their wider social, economic and environmental impact is recognised.

Does the EC offer ‘added value’?

The EC could be more of an advocate for European development values. It should enhance mutual accountability and should focus upon those activities where it has a comparative advantage.

Does the EC’s development architecture support existing commitments such as the Millennium Development Goals?

The Lisbon Treaty offers significant potential for institutional reform and for the further evolution of the relationship between the Member States and the EC. However the vision for the future of the EC remains uncertain, whether it should develop like the IMF with Member State shareholders, or evolved into a development institution like DFID.

It was recommended that the EC’s policy role should be strengthened but address accountability, and the need to strengthen the advocacy role for development interest within the EU should be recognised.

Roundtable in the Netherlands Ministry of Foreign Affairs. The Hague, 30 January 2008.

***Summary:** The lively discussions clearly showed that The Netherlands, similar to other EU Member States and the European Commission, is grappling with anticipating the many profound changes that are to affect European development cooperation. Eager to help shape the debate at the EU level, participants appreciated WECA as a platform for exchanging viewpoints with other key stakeholders in EC aid.*

Discussions focused on the role of the Commission in the Division of Labour, particularly in the context of increasing use of Budget Support and co-financing. It was felt that as long as the EC's technical capacity and its ability to engage in political dialogue with partners remain limited, there will be severe restrictions to EC aid effectiveness and EU Member States' willingness to co-finance. These capacities may be improved through the Lisbon Treaty's innovations, such as the European External Action Service. The EU is seen as a key forum for increased donor cooperation and division of labour, also to avoid overcrowding of the international donor architecture by EU donors. Nevertheless, if EU Member States increase their aid in line with 2005 aid volume commitments, a diminishing proportion of European Aid will be directly managed by the EC.

Introduction

'Whither EC Aid' (WECA) is a joint ActionAid-ECDPM project that aims at contributing to a broader based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalisation of an initial discussion note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. To this end, the second in a series of roundtables took place on Wednesday 30 January at the Netherlands Ministry of Foreign Affairs in The Hague. 9 officials attended (see section 5).

The roundtable started with an introduction by Joanna Maycock (ActionAid; chair) and a presentation of the main issues identified in the discussion note by Timor El-Dardiry (ECDPM). This report provides an overview of the roundtable's objectives, its participants and the main issues discussed.

Objectives of the roundtable

1. To inform the Ministry of Foreign Affairs (BUZA) staff about the WECA process so far, and to introduce the main findings from the project's first phase.
2. To receive feedback and input from BuZa staff about the project's emerging issues.
3. To share plans for the next stage of the process and to allow for recommendations and suggestions from BuZa.

Key emerging issues

The main themes of the discussion were as follows:

1. There was a broadly shared understanding that the Netherlands, similar to other EU Member States and the European Commission, is grappling with the practical implications of the *many changes* that will affect European development cooperation *in the near future*. What are the major upcoming reforms, such as the EEAS and the Code of Conduct on the Division of Labour, going to mean in practice? And what to expect of the 2008 High-level Meeting to review the Paris Declaration?

BuZa also faces *capacity constraints*, caused by decreasing staff numbers and an increasing budget for development cooperation. These constraints mean that the Netherlands is increasingly pressed to look at opportunities to collaborate with other donors, including at the field level. This situation combines well with the Dutch view that division of labour is urgently required to avoid further overcrowding of the international aid architecture and aid delivery in developing countries by – in particular - EU donors.

2. It was remarked that the current architecture of EC aid has arisen over time, and it would be interesting to imagine what it would look like if designed 'from scratch'. The answer to this question depends on the *long-run vision of the European donor system*. Do we want a large number of donors, which ensures flexibility and more options for partner countries but also means overlap? Or do we want a clearer structure instead, with fewer donors per country/sector but also with less flexibility? A long-term perspective should also explicitly take into account the views of partner countries (coordination might be interpreted as a way of donors 'ganging up'), as well as the role of new donors.

If EU Member States agree that there should be one coherent European system in

the long run, then what is the best way to achieve it? Should the EC's implementation capacity be strengthened, especially with regard to political dialogue, in the hope that Member States will increasingly make use of it? Or should Member States' capacities be used for EU aid, with EC presence in 'orphan countries' where no other Member States are present? Working towards a 'one EU' concept (referring to the 'one UN' policy) is seen as desirable in the longer run.

3. Following this long-term vision (see item 2 above), it should be clear **what stakeholders expect from the European Commission**. Whichever policies and practices the EC and Member States agree on as workable, they can only take effect if they are accountable to the European electorate. There should be transparent criteria on the basis of which EC development cooperation is assessed. One participant remarked that EC aid may be less scrutinised by e.g. national parliaments than Member State aid. But there was also an opposite view that EC aid is actually overscrutinized (strict financial regulation, Member States involved in every decision, EP, national parliaments). Member States finance EC aid programmes (through EDF, Development Cooperation Instrument (DCI), ENPI, etc) that sometimes do not fit into their own national priorities. In this indirect way, the Netherlands finances part of EC aid to countries that it has chosen to disengage from itself.

It was felt that currently, the EC's performance is assessed largely on technical 'accountancy' criteria (e.g. the volume of aid and the speed of disbursement). Parliaments should focus more on actual accountability. Several participants expressed doubts about the role of the EC as an implementer of EU aid as long as its technical capacity and its ability to engage in political dialogue remain limited, although reforms such as the EEAS may improve this situation (see items 6 and 7 below).

4. Many comments focused on the **Division of Labour** (DoL) and the **Code of Conduct** (CoC). There is still a lot of flexibility possible on the CoC, as it is only at the beginning stage of implementation. Some participants argue that so far, the approach has been too European. Partner countries see DoL as an important issue for Accra, but they seem not to want being involved in the European discussions about the CoC – they will not support this if it reduces flexibility. More efforts should at this stage be made to open up the CoC discussions to local processes, for instance by inviting partners to take the lead, in order to reach an effective DoL at the partner country level. One view maintained that partner country should choose the donors it wants to have active in its sectors. A system is needed to have discussions at the

partner level, which then feed back into EU-level discussions. After all, the possibilities for coordination will mostly depend on the actors in each partner country. In the view of one participant, partner country ownership does not depend on the number of actors, but on the number of choices. The existence of a unified EU position would render the number of EU actors irrelevant to a partner country.

It was stressed that the European Commission should fully participate in the CoC/DoL, while one participant remarked that this must not lead to the EC assuming more power in the field. The debate around the DoL shows that not only the EC, but also the EU can play a coordinating or federating role: the Code of Conduct was promoted both by the EC and by the German EU Presidency.

5. A large part of the discussion concerned the **EC's added value and comparative advantages**. Participants felt that the EC should not try to 'do everything, everywhere'; the small programs in many middle/higher income countries in Asia and Latin America under (DCI) were questioned in particular. It was emphasised that the EC has an important role in coordinating European efforts, as well as in implementing policies agreed at the EU level. Because it deals with a large number of policies, the EC was generally seen as well-placed to ensure PCD, even if in practice trade interests often still seem to prevail over development interests. Since the Commission's comparative advantages lie much more in these areas than in implementation, The pressure on the EC to spend more on social sectors was seen as unjustified. It was argued that in a division of labour within the EU the EC should concentrate on areas of relative strength; basic social services could not be considered belonging to key comparative advantages of EC, nor did they belong to its competence within the EU.

Several other comparative advantages of EC aid were mentioned: the security-development nexus (in particular when coherence with 2nd pillar actions can be strengthened); global issues (e.g. migration, the environment, and climate); regional cooperation, infrastructure and Aid-for-Trade; the scale of EC aid; the EC's activities in 'orphan countries'; and the EC's indirect tackling of poverty. Another potential advantage of EC aid compared to MS aid could be that the former has a legal/contractual basis (EDF/Cotonou), although this may hamper flexibility.

6. The EC's comparative advantages were also perceived to have certain **negative aspects**. Importantly, the scale of the EC's aid can easily lead to demands to spend money, causing an emphasis of accountancy over accountability. The pressure to spend money rapidly may also prevent honest political dialogue with partner

countries. The EC should be willing not to disburse money, if that is necessary in order to engage in political dialogue (see item 3 above).

Furthermore, the EC, by being a very large donor itself, is not always seen as well-placed to act as a mediator within the EU (e.g. it has its own interests to defend in discussion about the DoL). However, it was remarked that the EC as a donor may lose relative weight within the EU in the upcoming years: the EC's budget for development cooperation is not projected to increase, while EU Member States on average have committed to substantially increasing their ODA.

7. Concerning GBS, the EC could potentially bundle European efforts through **co-financing**. Several participants deemed the many different procedures for GBS by Member States as unwanted. The potential of EC budgetary support can only be fulfilled when budget support will be provided in the framework of a political partnership. Currently, the EC seems to have insufficient capacity and mandate to engage in more political questions involving the supervisory role of parliaments, power relations between line ministries and ministries of finance, interaction between formal and informal power structures, interaction between national and local levels of administration, linkages between support and tax base etc. Bilaterals are technically not always as strong as the Commission, but they do have more political entry with partners. It was suggested that in the shorter run the EC could take care of the technical side of GBS, including financial and administrative arrangements, with Member States having the option to make further contributions as partners in (political) dialogue to make aid more efficient. However, the current system of variable tranches in budget support lacks the broad based acceptance for a number of Member States to allow for co-financing. This could, however, be done with the fixed tranches of GBS.

8. In the long run, the EC should assume more responsibility for political dialogue (see item 6) as a condition for increased co-financing. Meeting this condition could also make national parliaments more supportive of co-financing. In general, Member States want to make EU external action more political, as reflected in the Lisbon Treaty. The EU diplomatic service (EEAS) could take on this political dialogue in the future, although some Member States might still disagree on specific issues.

A concrete **recommendation** was made in this area: the EU Presidency and the Commission should prepare a joint communication on harmonising the decision making process for GBS. Overall administrative procedures, timeframes and formats should be harmonised, because the various underlying analyses are often already the same in practice.

Issues for further discussion

A number of specific issues arose during the debate as meriting more detailed discussions:

- How to move from accountancy to accountability over EC development cooperation? Particularly, how to provide parliaments more incentives to focus on accountability?
- How far have we developed a shared vision of where we want EU development cooperation to go in the long run?
- The role of partner countries in the debate deserves further examination. In this sense, participants welcomed the fact that WECA roundtables are organised in several partner countries.
- It was suggested to organise a roundtable in a new EU Member State, in order to bring in fresh European perspectives.

It was agreed that more comments on the note could be sent to the project team after the roundtable. Comments and suggestions can be posted on WECA's dedicated website: <http://weca-ecaid.eu>

Roundtable in Ireland. Dublin, 4 February 2008

Summary: *On 4 February we held a workshop at Cassidy's Hotel in Dublin co-organised by the Irish Development NGO Platform Dochas (www.dochas.ie). There were participants from the Irish Development NGO community as well as from Irish Aid.*

There was an interesting and lively debate primarily focused on the added value/comparative advantage of EC aid and the code of conduct for the division of labour. The participants addressed concerns relating to ownership and accountability in EC Aid. This was tackled both from the national Irish context and the need to ensure accountability to Irish citizens, but also the importance of ensuring and reinforcing the ownership of partner countries and people in decisions around aid. We touched upon the importance of engaging Parliaments South and North in discussions about improving accountability in aid.

The discussion also looked at the potential impact of the Lisbon Treaty on the poverty focus and impact of the EU's development actions. The need to engage in a broader public debate on this issue is clearly felt in Ireland due to the upcoming referendum on the Treaty.

Introduction

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The roundtable started with a welcome by Joanna Maycock (ActionAid) who facilitated the discussion. Gwénaëlle Corre (ECDPM) made a short presentation of the main issues identified in the discussion note and from previous workshops as those meriting special attention in the workshop with the small group of donor/government representatives. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform participants about the WECA process so far and to introduce the main findings from the project's first phase, and second phase so far.
2. To create space for an open discussion about the key issues emerging from the project.
3. To seek inputs, examples and lessons to share with the broader project constituency about the experience in Ireland of EC aid and the evolving aid.

Key emerging issues

Perspectives on EC Aid in Ireland

- EC Aid is tackled in a fragmented way in Ireland. Different stakeholders see different parts of the picture so this has a definite impact on the capacity of Ireland to engage in the debate on EC Aid, to find its space as a Member State in the debate on aid effectiveness and to contribute to the elaboration of an EU position for Accra;
- There a move within the NGO community to better address aid effectiveness in general and also to try to examine the role and effectiveness of EC Aid in that framework: e.g.Trocaire, Concern and also the Irish Association of Non-Governmental Development (DOCHAS) are engaging on pan European work on aid effectiveness through CONCORD;
- In this respect several participants commented that the Discussion Note is a very interesting and useful synthesis. They also emphasised the need to test some ideas / recommendations during the consultation phase of the process;

Division of Labour

- There was a high degree of interest by the participants about the Code of Conduct on the division of labour. There seemed to be a real need for more information and clarity on this policy and its potential impact on Irish Aid programmes;
- There was a discussion about the priority of the EC and EU Member States seeming to sit firmly at the level of Donor harmonisation. There was concern that this might come at the expense of the commitments to mutual accountability and ownership. There was a sense that ownership does not look like the priority for the EC which has chosen to prioritise other commitments, choosing the 'easier path'

Policy Coherence for Development

Participants felt that the issue of Policy Coherence for Development is a crucial element of EC Aid effectiveness that the EC brings together policy making and delivery in several related sectors that impact on development (trade, environment, security...)

It is an area where the EC has pushed for good policies on paper but not really delivered in practice. There is a feeling is that the trend is in reverse : that the coherence is towards other policies not towards development. We speak about Policy Coherence for Development, but do the institutions use the PCD term in the way we want it? Also we mean PCD for which development?

Common External Service

- Since Ireland is the only EU Member State bound to have a referendum on the ratification of the Lisbon Treaty, there is currently a heated debate over the Treaty ratification which offers the possibility to work around the development aspects of the EU and how the implementation of the Treaty will affect it. The participants were particularly keen to have more information on how the poverty reduction objective of the Treaty creates opportunities for influencing the debate.
- As a result of the Treaty debate, there is certainly momentum in Ireland to discuss the set up of Common External Action Service. In addition they felt there was a lack of public information on the External Action Service and its proposed accountability channels and potential delivery on poverty eradication objectives of the EU. Debates on the Treaty may provide public opportunities to shape that discussion in future;
- Participants felt that the Common External Action Service offered the potential for building trust between stakeholders (between Member States and EC, EC and Council);

Assessment evaluation and Capacity building

- There was some discussion about the idea of developing an independent evaluation monitoring body to assess aid and aid effectiveness. The need for more dialogue and independent perspectives on the impact and outcomes of aid was felt to be very important. The EC can play a role in creating space and momentum for improving evaluation and assessment methods.
- Participants also reflected on the need to develop and support research capacity of partner countries. Terms of Reference for research are usually done by donors, so the research carried out is usually shaped and even carried out by Western consultants consequently the results are shaped by the donors. Therefore it does not enable partner countries to shape the aid agenda. This has a really serious impact on the ability of partner countries to shape the political, development and economic. The EC could do more to ensure that research is more targeted at Southern capacity and knowledge.

Roundtable in Spain. Madrid, 22 February 2008

Summary: *The event was well and actively attended, with 16 participants from a wide range of stakeholders, co-organised by Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE) (www.fride.org) and ECDPM/Action Aid in the Casa de Galicia in Madrid.*

Participants mentioned their interest in the Discussion Note, which they found echoed the important issues and perceptions in a very concise manner. They appreciated the event and highlighted it was timely for feeding into the Spanish debate. Stakeholders intend to use the impetus of the roundtable to contribute to arriving at a Spanish position on the role of the Commission in EU development cooperation, in particular as a financing channel and as an amplifier of Spain's voice in the international context.

Discussions covered a wide range of subjects, from a common vision on objectives for EU aid, or the importance of ownership, to measuring impact and complex accountability schemes, as well as the implications of Division of Labour. The debates took place against the background of the Spanish context, which is particularly interesting for the EU debate. It is characterised by a high fragmentation of actors responsible to manage ODA. Spain also has a large NGO community and is still implementing a very minor share of ODA through "new instruments and modalities" such as budget support (1.3% in 2008) and others.

While most participants felt that Spain was entering the discussion on Aid effectiveness rather late, others suggested transforming precisely this delay into Spain's added value by introducing new perspectives on a cautious implementation, focusing for example on democratic ownership, and caveats based on field experiences such as the transformation of the donor landscape in Nicaragua.

Introduction

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an initial discussion note, the project has entered a phase of consultations, both in Europe and development countries, to stimulate further inputs from stakeholders.

Objectives of the roundtable

1. To inform Spanish stakeholders about the WECA process so far and to introduce the main findings from the project's first phase.
2. To test these first findings to stimulate reactions and debate among *the participants and stakeholders in Spain*;
3. To specifically *discuss arising issues*; amongst these issues could figure: a common European position in Accra, the new modalities of outcome-based conditionality and forms of political dialogue, Spanish position towards the EU code of conduct on division of labour, the new set-up of RELEX, DGDEV and the External Action Service "after Lisbon", and others to be brought up by the participants;
4. To *generate recommendations* on how the quality of EC aid can be improved and how the Spanish development cooperation can be coordinated within the European context;
5. To *share plans* for the next stage of the process and seek concrete commitments and/or proposals from DG Dev for their engagement.

Summary of the discussion

Participants mentioned their interest in the Discussion Note, which they found echoed the important issues and perceptions in a very concise manner. They appreciated the event as a timely debate coming just one week after the latest round of consultations on the multilateral strategy. This will inform the forthcoming Spanish Master Plan for development cooperation 2009-2012, in which multilateralism and relations with the European Commission, the implementation of the Paris Declaration as well as Division of Labour will be main features.

Stakeholders expressed their intentions to use the impetus of the roundtable to contribute to arriving at a Spanish position for the High Level Forum on Aid Effectiveness in Accra in September, on the role of the Commission in EU development cooperation, in particular as a financing channel, and as an amplifier of Spain's voice in the international context.

1. The debates took place against the background of the **Spanish context**, which is particularly interesting for the EU debate.

It is characterised by a high fragmentation of actors with a record of issues of coordination and coherence: a quarter of bilateral aid is given through the autonomous regions according to their own policies and priorities. Almost half of total ODA is channelled multilaterally, through the European Commission (16.7% in 2007) or multilateral organisations. In 2006, only 17% of ODA was implemented by the Spanish Agency for Development Cooperation (AECID) of the Ministry for Foreign Affairs.

Spain has a large NGO community with a highly project-oriented approach towards aid delivery and is still implementing a very minor share of ODA through “new instruments” such as budget support (1.3% in 2008) and others.

In addition, it was felt that Spain has developed many good policy frameworks, but the implementation is often lagging behind. In this context, stakeholders argued that Spain could serve as a test case illustrating the competing demands of diversity and flexibility versus harmonization, coordination and complementarity.

2. The interrelated topics of **ownership, accountability** – mutual, multilayered, democratic – **balanced partnership** and **participation** in relation to the aid effectiveness agenda were predominant throughout the debate. There was consensus on the capital importance of ownership as the fundamental principle of development cooperation and its reform. Lack of ownership was cited as the reason for many problems. One example was cited of cooperation with ECOWAS where trade was programmed as a focal sector contrary to the preference of the recipient region. In response to events at the Lisbon summit on Euro-African relations²⁸ it was argued that the EU has to work on (re-)building a balanced partnership.

Maintaining that mutual accountability does not work, participants suggested that ownership should be based on democratic accountability in partner countries. More than that, it was highlighted that ownership was a condition for democratic accountability. In this context participants wanted Spain to urge for representation of Southern Voices in the aid effectiveness debate, which has been donor driven up to date. However, also democratic accountability in the EU was a concern and increased involvement of member states’ parliaments, the European Parliament and

²⁸ African leaders pushed to open the debate on EPAs, but the EC decided that it was not the place to discuss them and rejected the African proposal.

European CSOs was called for. In addition, it was felt that there was no common understanding of the Paris commitments, which can lead to inconsistency when applied at local level. While multi-layered accountability is complex, this should not be accepted as an excuse for not taking it seriously. It was suggested to single out individual accountability relationships and monitor and evaluate them separately.

3. Participants perceived a ***lack of a common vision and clearly defined objective*** for European Community aid, which makes coordination and complementarity within the EU difficult and threatens to degenerate the Paris agenda into a technical exercise pursued for its own sake. Stressing the importance of keeping reforms aimed at enhancing impact on the lives of the poor, discussants preferred the term ***development effectiveness*** over aid effectiveness, referring to a concept embraced in the CSO consultations in preparation for Accra. Participants suggested that Spain take up the role of reminding the EU of focussing on impact and results.
4. In relation to results-orientation, the importance of ***measuring and assessing impact*** was discussed. A common EU research agenda on outcome-based monitoring and evaluation of the impact of EC aid was needed and Spain could promote EU consultation and policies to this aim.
5. Most stakeholders from all types of organisations represented agreed with the big principles and policies promoted by the EU in the Paris agenda and they agreed that the main issue was in ***moving from policy to implementation***. Examples given are gender mainstreaming and the role of CSOs in the Cotonou agreement. In both cases reality is often a far cry from policy documents. The way forward was suggested to lie in management for results based on result-oriented planning and programming – and this according to the Paris principles.
6. Perhaps in line with the strong tradition of Spanish CSOs in development cooperation, some discussants were opposed to direct support to governments. Others reminded the group that the Paris Declaration, including channelling aid through country systems, was a signed agreement. Implementation is therefore an obligation. Results would have to be assessed afterwards. However, the debate around the value of ***General Budget Support*** was inconclusive at this roundtable.
7. It was however clear that the attitude towards budget support relates to question of the ***role of the European Commission***, with its declared preference for this aid modality, in the EU's aid architecture.

On the one hand, many participants expressed concerns about the Commission's constraints in aid delivery. In particular, the MDG relevance of budget support and the disruptive application of outcome-based conditionality were questioned. Efficiency and disbursement seem to be hampered by inadequate incentives for staff in the Delegations, leading to bureaucratic behaviour instead of management for results.

On the other hand, the Commission was credited with legitimacy in policy dialogue, precisely because of its direct relationship to governments. The role of the Commission as a facilitator within the EU, as a coordinator and policy developer was recognised as a basis for its leadership towards Accra. The potential of the EU as a principled actor on the world scene - promoting social equity, rule of law, capability approach to poverty, etc. – was said to be insufficiently recognised and fostered. While the EU conducts massive transfers of ODA, it is not setting the agenda enough at the global level. Hence, there was a need to work on a vision for the EU's identity.

It was suggested that Spain supported and encouraged the Commission in continuing to give weight to commitments taken in Paris and to take the lead in formulating extra commitments. Participants also saw a need for more awareness raising on EC development policy in Spain, which is not very well known whereas 25% of Spanish ODA goes through the EC.

8. With regard to Code of Conduct on the *Division of Labour* among member states and the Commission, the tenor was that Spain is still at the beginning of the process of defining its added value and reflecting on the role the Commission, in particular with respect to the Commission's preference for budget support.

For some participants the EU debate was of limited relevance and it was better to concentrate on improvements in the global donor landscape. Others argued that the Code of Conduct was an opportunity for Spain to deal with its lack of capacity and personnel at field level.

While according to some speakers Spain was entering the discussions too late, others suggested transforming precisely this delay into Spain's added value by introducing new perspectives on a cautious implementation, for example focusing on democratic ownership, and caveats based on first field experiences in implementation of the Paris Declaration. Policies such as the Code of Conduct currently

under way, are presented by the Commission as a technical exercise with the aim of efficiency gains. However, the effects of the withdrawal of Swedish aid and the concurrent transformation of the donor landscape in Nicaragua on the power relations between the Government and the donors and the resulting social costs were cited as exemplary evidence for the political nature and implications of the aid effectiveness agenda. In addition, the political implications of interpreting cross-country complementarity in a way that would cement European ex-colonial powers' traditional areas of influence – the recent DAC Peer review of Spain suggested Spain to take over the role of EU lead agency in Latin America - are evident.

Reflecting on the specificities of the Spanish development cooperation architecture and Spain's historic experiences, the debate on Spain's added value as a donor centred on the role of CSOs, decentralisation, the promotion of gender equality and gender mainstreaming in implementation and on the promotion of social dialogue. As recommended by the recent DAC Peer Review, Spain should take advantage of its track record in having a "sensitive approach to peace building and reconciliation in Latin America". NGO representatives argued that Spain's strength lies in implementation rather than policies, in its positive experiences with implementation through CSOs and in harmonization and alignment in Latin American countries. Spanish NGOs carry a responsibility to feed back some lessons learned and good practises from the field to the debate. However, some speakers maintained that added value should be determined in a bottom-up process, flexibly adapting to different countries in accordance to the principle of ownership.

9. The group discussed the *institutional novelties in EU external action* to come about after the ratification of the Lisbon Treaty and its effect on the EU's role on the global scene. The WECA project was interpreted as a reflection of the political battles taking place at high level, such as the one regarding the role of the High Representative for Foreign Affairs and Security Policy. This figure and the European External Action Service were considered as important innovations bearing potential benefits and risks. Once again, implementation is key in order to realise the potential gains in policy coherence for development through a whole-of-government approach at EU level. At the same time, participants saw a danger that the EU's relations to Africa – already at a low point after the Lisbon Summit – further deteriorate if commercial or foreign policy and security concerns eclipse development cooperation.

Issues for further discussion

It was suggested that Spain should come up with a position on priorities in the Accra process, pushing for:

- A focus on ownership of partner countries as the basis for accountability;
- The EC to address its constraints in aid delivery: to continue the process of de-concentration, to improve staff regulations to give the right incentives and to live up to its coordination role;
- A common research on outcome-based monitoring and evaluation of the impact of EC aid;
- More weight for CSO consultation in the preparation towards Accra.

Roundtables in Rwanda. Kigali, 3-4 March 2008

Report with government and donors

***Summary:** Interesting and insightful discussion about the relationships around European Aid in Rwanda. Special attention was given to the role of the European Commission in the aid environment, and challenges, opportunities and modalities surrounding budget support in Rwanda. This report is especially interesting if read in conjunction with the report on the accompanying workshop with Rwandan CSOs*

Introduction

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The roundtable started with a welcome by Rose Mukantabana (ActionAid Rwanda) Gwénaëlle Corre (ECDPM), facilitated the discussion. Joanna Maycock (ActionAid) made a short presentation of the main issues identified in the discussion note and from previous workshops as those meriting special attention in the workshop with the small group of donor/government representatives. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform participants about the WECA process so far and to introduce the main findings from the project's first phase, and second phase so far.
2. To have an open discussion about the key issues emerging from the project.

3. To seek inputs, examples and lessons to share with the broader project constituency about the experience in Rwanda.

Key emerging issues

1. Donor Coordination

There should be no exclusive aid channel either EC or bilaterals. The main issue needs to be about ensuring and maximising complementarity, concentrating on how the different players contribute. In this respect improving division of labour at national level is important, but behind government poverty reduction plans and the main factor for effective aid is the alignment of donors behind government poverty reduction plans and systems.

2. Alignment

From the discussions it was made clear that participants felt that Rwanda is in a unique position where donor partners and government really share and pursue the same agenda. There was emphasis on the enormous dialogue and harmony existing in the relationship between main donors and the Government creating a conducive and productive environment to combine efforts to tackle poverty. There was clear need to understand the context of Rwanda and to acknowledge how far these relationships have come in a short time through constant dialogue, but also the Governments leading role in policy reform.

One factor for conducive environment and use of donor funds, is that Rwanda is rebuilding itself and a new society to emerge from its descent into abyss at time of the genocide. So this is why Rwanda has visionary leadership. The leaders have tried to look at what is in its economy: principally human resources in revitalising the economy. To develop this they have to take the direction of knowledge based economy.

The government has focused on the development of serious and credible poverty reduction strategies, with wide participation of society. The second generation PRS is called the Economic Development Poverty Reduction Strategy (EDPRS) and was widely quoted in both workshops. While it was developed by Rwandans and for Rwanda it is also closely in line with the MDGs, which makes it straightforward for donors to back financially.

Other clear factors providing a favourable environment for strong alignment behind government led strategies are:

- strong government led development partners coordination forum;
- capacity of government to be accountable to donors and to Rwandan society results in high degree of trust by donors;
- policies towards decentralisation and district level accounting for spend and impact. The need to improve district level coordination is being addressed by Joint Action Forum to support coordination amongst NGO and government interventions through centralised information;
- Vision 2020.

Government representatives who participated were categorical: if donor doesn't follow our policies and systems it doesn't want their money. This has brought donors into line. Some have not yet come around don't even reveal amount of money passing through their own national NGOs.

3. aid modalities : Budget Support

Participants felt strongly that a range of different modalities is appropriate in delivering results in reducing poverty. We had a fascinating discussion about the different aid modalities employed in Rwanda and the context in which these work. The main aid from European donors is channelled through government through : General Budget support, sectoral basket funding, support for specific institutions. Thematic funding and project funding are also used primarily in supporting non governmental actors.

For the EC it is clear that EDF is money to support Rwandan Government. Other EC resources for CSOs through thematic funding sources. There will also be complementary resources for CSOs/NSAs that looks at orphan sectors, eg gender, human rights, violence, social inclusion etc. These issues touch the marginalised part of society which the EC thinks CSOs are better at reaching this.

Budget Support in Rwanda

Rwanda receives a high level of budget support from its largest (European) donors (DFID, EC, Belgian Government...).

Participants felt that budget support works well in Rwanda because of the excellent working relationships between government and donors, as well as the high degree of coordination between donors. Governments are producing their side of the bargain in terms of the right poverty reduction strategies and mechanisms for accountability and reporting. Donors are reasonably content that funds are being well spent.

The EC mentioned that the 10th EDF starts in Rwanda with a total budget of €219 million for period 2009-2013. 60 % of the EDF (or €131.4 million equal to €22 million per year) will be channelled through general budget support in Rwanda. In addition 12% structural support to Infrastructure and decentralisation. The rest of the EDF is channelled to basket funds to agencies, etc.

About the MDG contracts: Rwanda is a pilot country for these experiments in linking budget support to MDG impact. EC feels that the main advantage of this system will be to increase predictability for government investing in MDGs for a 6 year period. The MDG contracts will act as a tool for monitoring the MDGs against the monitoring reports for the EDPRS. The innovation now is that disbursement will be predictable over 6 years, and monitoring will be against the MDGs.

DFID has already been providing high levels of budget support and will continue this support to a level of around £35 million per year (€54 million).

This monitoring will rely heavily on existing monitoring framework in the EDPRS. The Government leads the CIPAF (common performance assessment framework) and all the donors participate in decisions about how they are going to monitor the progress and benchmarks to ensure the funding is going to target MDGs.

Elements that make this work?

According to participants, GBS needs government leadership and ability to show the way. Mutual accountability depends on strong government agenda setting. Donors in Rwanda are very comfortable with this system, which is certainly unique compared with countries where the government is unlikely to do that. Good qualitative and clear policy forum and clear idea of how things are being taken forward from the top that is consistent with donor priorities.

Risks and challenges:

- Effectiveness of implementation and delivery.
- Human capacity and level of infrastructure (goods and services).
- Absorption capacity.

Government and donors need to ensure that budget support and related systems are moving at a rate which can be absorbed and followed

Besides there is a risk that budget support excludes or bypasses CSOs that need support to grow into effective actors. The question is: 'how will the EC manage it and what pressure the Donors can put on government to deliver resources for Rwandan CSOs? Some participants feared that donors would contribute to a marginalisation of CSOs due to budget support. (see section on CSOs below and report of the workshop with Rwandan and INGOs).

4. How to measure and communicate Aid effectiveness

Participants were clear that the goals remain poverty reduction and the MDGs. Paris aid effectiveness targets are not an end in themselves but are useful as a tool to progress towards MDGs. There are clear challenges to demonstrate the differences that have been made in addressing poverty reduction. Work is needed on improving communication on the impact of aid in Rwanda.

5. On the role of CSOs

Participants emphasised the crucial importance of relations between CSOs in Rwanda and Government. The CSO sector in Rwanda is still quite young and there is still a real capacity constraint. Donors use their budget lines to reinforce the role of the CSOs to act as watch dog to government and donors. The EC call for proposals

that was recently launched is aimed at supporting CSOs to work more closely with Local Authorities at a decentralised level. With regard to strategic dialogue it was mentioned that, in the 10th EDF programming, the main negotiation and engagement was between EC and Government. There was however, a certain level of CSO consultation in this process.

6. Transparency and mutual accountability

- Government recognises that transparency was a major problem in the past, leading to serious human rights problems. Rwanda has put institutions in place to ensure transparency, including
- Parliament : 2 houses with a role in oversight of budget and transparency,;
- Ombudsman: in place as recognition that the problems caused by intransparency;
- Human Rights Commission: semi independent;
- Auditor general office.

The government operates a very stringent system of financial control including monthly financial reporting mechanisms for line Ministries to Finance Ministry. An issue raised here was the level of transparency of NGOs which are using money coming from donors for Rwanda.

The issue of transparency also led to discussing the role of the EC and other donors. Are the donors also transparent? How are these matched by monitoring mechanisms and accounting? When government started vigorous vetting of budgets and spending, many people got into problems (even prison). But those who were used to dealing with EDF were in a strong position as EDF rules are clear but really rigorous. Every EDF euro is accounted for. One difficult factor is that it is difficult to properly spend all money and account for it in the time allocated. There are often crippling delays in decision making and money being disbursed is slow to arrive. There have also been difficulties in the project approach to have continuity and follow-up projects. One solution put forward by participants is clearly Budget Support. In addition it was felt that procedures should be eased and that financial authority for the EC Delegations should be increased as much as possible.

7. Technical Assistance (TA): Government Capacity

It is clear that there is a need for improved capacity, but the key question is whether TA is being used in Rwanda to reinforce the capacity of the government according to government's own priorities.

Participants described the previous system of TA in which the support cell based in the office of the Rwandan Government's National Authorising officer was staffed by western experts. The feeling was that this system had not improved government capacity and had actually made things worse. TA delayed processes even more because there was an additional layer in design of projects and budgets as well as implementation level.

It was felt that TA will never empower the community as they are necessarily motivated by self interest. Even where there is good will the person is clearly looking at the length of stay and keeping their own salary. As a result of the entrenched system Technical Assistants are often receiving huge salaries totally out of proportion to the salaries of their Rwandan colleagues. They also take a long time to understand the context before they can perform and a whole period is lost while there is adaptation. Participants felt it better to have intensive training and recruitment of locals to do the work.

About the civil service reform, participants mentioned that it went initially through mass recruitment, but that now a professionalization of civil service is taking place with more appropriate recruitment and skills matching. Training for civil servants has also improved and they include induction and training on government policies.

8. The Capacity of the EC Delegation

There was also a discussion of the EC Delegation capacity to engage in new aid modalities, such as budget support. While the EC is highly engaged it is felt that the system is government driven. The delegation is trying to develop new skills and expertise, to better engage, mainly in monitoring and evaluation of budget support and its impact.

It was felt that some work could be done to support and build the skills of all staff in the Delegation to carry visions of the EC /EU to engage in "partnerships" with stakeholders on a political level. A solution could be to engage and train more local staff to do so.

The participants confirmed that the government has a very positive view of EC officials who are open and available to meet partners and recipients.

Wrap up ideas emerging from the discussion

1. Donor community has relatively reduced space since the Government holds a vision and takes control over its delivery. Overall the vision is consistent with donor policies such as the MDGs.
2. Donors have a high degree of trust for government to deliver and be transparent and accountable. It is a clear incentive for donors that the government is seen to be transparent and intolerant of corruption.
3. Donors have to develop their capacities to respect the pace of progress. Targeting reforms and capacity building within local and decentralised structures is taking time.
4. There is a need to continue to reinforce systems for mutual accountability and shared monitoring, including at district level.
5. In terms of wider participation, some attempts to engage Parliament and CSOs were mentioned. However since these are still under developed, there is still some way to go to support development of CSOs to engage.
6. There is a solid need to avoid mismanagement, but the current EC financial regulations are too rigid for effective implementation (procedures hamper delivery of projects and processes).
7. About the EC delegation capacity, a strong message was delivered on willingness and the openness of the EC Delegation and staff. But perhaps inadequate capacity level may effect future delivery and assessment of EC performance (from project management to political dialogue logic).
8. TA also led to a heated discussion: it has not proved very effective at delivering results or capacity building.

Report with CSOs

***Summary:** Interesting and insightful discussion about the relationships around European Aid in Rwanda, including the role of and space for CSOs. Special attention was given to the role of the European Commission in the aid environment, including challenges, opportunities and modalities surrounding budget support in Rwanda. This report is especially interesting if read in conjunction with the report on the accompanying workshop with Donors and government.*

Introduction

'Whither EC Aid' (WECA) is an independent, joint ActionAid-ECDPM project that aims to contribute to a broader based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalisation of an initial discussion note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. After holding a total of 6 workshops in Europe, the first in a series of group discussions in partner countries took place in Kigali, Rwanda on Tuesday 4 March 2008. After a first workshop with donor and government officials the second round table was held with representatives of Rwandan Civil Society as well as INGOs based in Rwanda.

The roundtable started with a welcome by Theresa Karugwiza, Country director (ActionAid Rwanda), Joanna Maycock (ActionAid), facilitated the discussion. Gwénaëlle Corre (ECDPM) made a short presentation of the main issues identified in the discussion note and from previous workshops as those meriting special attention in the workshop with the small group of donor/government representatives. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform participants about the WECA process so far and to introduce the main findings from the project's first phase, and second phase so far.
2. To create space for an open discussion about the key issues emerging from the project.

3. To seek inputs, examples and lessons to share with the broader project constituency about the experience in Rwanda.

Key emerging issues

1. Perceptions of the EC by CSOs in Rwanda

- The EC is seen as a major actor in Rwanda, supporting infrastructure, government programmes, decentralisation. The EC is also known for providing useful and interesting support for CSOs in Rwanda.
- There was praise for EC budget support, and the complementary channels for project and CSO funding. However the mechanisms for EC funding for both Budget support and for thematic funding were criticised as being too time consuming and bureaucratic (inefficient).
- The EC's image had certainly been negatively impacted by the whole process, and by the discussion about EPAs which made many in Civil Society feel that the EU and EC were pushing their own agenda and not listening to the voices of Rwandans. Even worse, the CSOs felt there had been an attitude of threats that had prevailed in the negotiations.
- There is a need for the donor community and especially the EC to engage with the partner countries in discussions about alternative development and growth strategies. CSOs feel quite excluded from the discussions with donors about the kinds of development strategies to be pursued.

2. Budget support

- The Government has strong and coherent policies and strategies for the reduction of poverty in Rwanda. There is a certain amount of consultation with citizens and CSOs in that process. Donors like the EC are increasingly putting their funds through the governments own strategies and systems in the form of budget support, basket funding, Sector Wide Approaches (SWAPs), etc. This is largely seen to be a positive thing by CSOs as it gives resources and flexibility to the government.
- The EC is seen as a large scale donor with large aid budgets and the means to fund large-scale activities (including infrastructure). However, at the micro level and even at the level of strategic planning and programming, CSOs feel there should be more consultation with them. They also felt they had not even been properly consulted on the CSO funding programmes in country.

Some of the challenges and potential pitfalls for Budget Support in Rwanda:

- Absorption capacity is an issue for the government, especially if large scales of aid is going through budget.
- With moves to Budget Support special attention needs to be placed on reducing aid volatility enhancing multi-annual and predictable support.
- Donors will find it difficult to attribute the impact of their support to Rwanda's development. They may struggle then to sell the aid programmes to taxpayers in Europe.
- Certain CSOs felt that there is an element of « fashion » and trend in the aid environment. In the case of Rwanda it is felt that much on the positive attitude of the donor community is due to the popularity of President Kagame to the donor community. What happens if there is a change of leadership? The fact that the budget seems dependent on the level of popularity of the leader to outside actors, is a potentially huge risk in Rwanda.
- There is also a risk that with high levels of budget support and dependency, Rwanda will become especially vulnerable to the latest development buzz words for development.

3. CSO relations and funding

- Participants felt that CSOs lose too much time looking for funding and managing their funds according to donor requirements. In this respect the EC is particularly frustrating as a donor in that the financial regulations are especially burdensome. This means that CSOs do not have enough available time to focus on their “real work” of engaging in strategic scrutiny of donors and government, or in working directly with communities.
- An interesting question raised was that if Budget Support is so good for government, why can't the same rule be applied to CSOs funding by providing them with a large budget support approach. This would free up CSO time to work on the things that really matter such as implementing projects which directly benefit poor communities.
- It was felt that the EC Call for Proposal system was at least transparent and fair and that “the best wins”. However delays in decision making and in releasing funding to successful applicants are undermining many of the positive elements of the EC's CSO aid programmes. Another problem in the system is that it creates an elite of organisations with the capacity to elaborate and implement projects, and these always win the Calls for Proposals.
- CSOs feel that EC is doing a better job in funding CSOs than the US or DFID. However

there needs to be more engagement with CSOs in designing the programmes. Also funding needs to be more sustainable.

- The participants felt that projects by civil society are more sustainable, stronger than the one set up by government and can offer more tangible activities and visible results. In particular CSOs have been doing valuable and effective work programmes tackling excluded groups such as prisoners and also very successful projects looking at women's rights, violence, HIV/Aids.

4. Accountability and Impact of aid on poverty.

- CSOs felt there needs to be much more work done looking at the impact of the EC aid programmes on the poor populations. Attribution will become even more difficult in the future with increased budget support. However, there must be accountability on the impact of aid programmes in tackling poverty, CSOs could offer useful contributions and insights into the elaboration of systems to measure impact. The EC could take a role in this kind of work.
- CSOs feel strongly that they have capacity to contribute to these collective reflections, but there is no real sense that the EC or the government is interested in hearing the voices of CSOs with respect to the impact of their actions on poverty. This leads to a level of frustration on the part of the CSOs. Participants also raised 3 additional issues:
- First, there needs to be more emphasis on the issue of shared responsibility in the partnership arrangements between donor and partner government. This means sharing responsibility for success... but also for failure. Both provide opportunities for learning.
- Second, there must be much more publically available information about donor funding and also impact and results. At the moment it is felt that there is not enough transparency of information.
- Last, sustainability of efforts must also be taken into account. Often the impact doesn't correspond with the expected results. Beneficiaries need to be much more engaged in the formulation and monitoring of programmes as well as in the learning processes ensuing.

5. Technical Assistance and capacity building

Participants discussed the following five points:

- Expertise is needed, but TA should be made available to support long-term interests, not 2 year projects.

- CSOs felt disappointed that the NSA clauses in the Cotonou Agreement had not opened up really any formal space for the CSOs to engage in strategic reflections with donors and governments.
- There was much discussion about the need for an organised and representative CSO voice in Rwanda to ensure strength and credibility of message. Only in this way can the CSOs really manage to have their voice heard amongst more powerful actors such as the donors, the private sector and the government. EC should support CSO efforts to organise. Some felt that at least the second generation PRSP : the Economic Development Poverty Reduction Strategy (EDPRS) had including the engagement of CSOs and the media.
- Determining areas of focus, supporting research, excellence and professionalism were underlined as interesting opportunities to reinforce CSO capacity, and so was the need to support methods for joint strategic thinking and collective action. This is classically an area difficult for donors to support.
- It was finally mentioned that a development forum operating at local level does manage to create space for information sharing about activities and projects at the level of the district. This manages to avoid duplication of efforts.

Wrap up ideas emerging from the discussion:

About the EC as a donor in Rwanda

Positive

- The second generation PRSP (EDPRS) is better than first and has included a degree of citizen's consultation;
- The EC is an important partner for the government and for Rwanda's development;
- The EC contributes to funding some good projects, including some interesting CSO activities.

But

- There is still an inadequate strategic engagement of the EC with CSO partners;
- EPA negotiations have also created a negative feeling towards the EC : a feeling that the EC is not listening.

About the Civil Society

CSO space exists and there is some space for the CSO voice, even at institutional level. However, CSOs need support to organise into more representative and legitimate

structures to be more effective. They lack structural funding to support their long term and strategic development. They also need more information about possibilities for cooperation and about activities of donors. There is competition for funding that creates competition between CSOs, and wasted resources and time. Finally CSOs feel discouraged about engaging in consultative processes as they have seen clearly that their voice is not being heard.

On the positive side, there is hope as Cotonou Agreement foresees space for CSOs to engage in strategic dialogue, so the question is how can CSOs demand that space. Also there are possibilities for INGOs to increase their support for the development and learning of African CSOs.

Roundtable with EuropeAid Office, EC. Brussels, 12 March 2008

Summary: *The roundtable was held at the EuropeAid Cooperation Office in Brussels on the 12 March. Around 8 high-level representatives of EuropeAid attended, including Director-General Koos Richelle. After an introduction of the WECA project participants engaged in discussions on a number of issues emerging from the Discussion Note, in particular with regard to EC development policy reform and implementation and to the issue of accountability and monitoring for impact.*

The participants insisted on the EC's 'uncomfortable' position referring to being seen and assessed as the EU's '28th donor', while being commonly accepted as an influential body (i.e. on EU Member States and in the international scene). The EC as a donor is only one stakeholder of development aid in a multiple donors' environment.

On the issue of impact evaluation of aid, there has been a collective acknowledgement on the urgent need to shift from a commitments - or disbursements - to a results-based approach. During the discussion, a wide-range of issues, such as budget support and the best way to address poverty reduction were raised.

On the basis of updated figures, a participant refuted the widespread idea that the EC aid effectiveness is impeded by bureaucracy and that it is not enough focusing on poverty reduction, arguing that the EC's donor performance is scrutinized much more closely than that of others. An urgent need was identified to rethink the way to do development cooperation as far too little impact can be seen so far. Within EuropeAid there is a window of opportunity for such a change, but it is dependant on the political will of EU Member States. The participants indicated that the EC has to take the lead and drive a new dynamic with a very concrete action plan.

Introduction

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further inputs from stakeholders. After holding a total of 6 workshops in Europe and a workshop in Kigali, Rwanda, the first in a series of group discussions in partner countries, the consultation process (phase 2) has moved ahead with the organisation of a roundtable with high-level representatives of the EuropeAid Cooperation Office of the European Commission on Wednesday 12 March 2008 (see section 5).

The roundtable started with a welcome short introduction by Gwénaëlle Corre (ECDPM). Joanna Maycock (ActionAid International) made a presentation of the background, objectives and key emerging issues identified in the Discussion Note and from previous workshops. Gwénaëlle Corre facilitated the discussion. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform participants about the WECA process so far and to introduce the main findings from the project's first phase, and second phase so far.
2. To have an open discussion about the key issues emerging from the project, and to engage EuropeAid on two of the four areas identified for further reflexion in the Discussion Note:
 - development and policy reform and implementation
 - accountability and monitoring for impact

Key emerging issues

The main themes of the discussion were as follows:

1. ActionAid/ECDPM reaffirmed that the objective of the project is not to evaluate the EC aid. On the contrary, the objective is to raise awareness on aid issues, to facilitate the debate among the larger group of stakeholders and to reposition the debate on aid effectiveness. The participants welcomed the space for dialogue opened by the WECA project. Director-General K. Richelle observed that, if it is relevant to discuss about EC aid, it cannot be without adopting a broader approach. The project should not solely focus on EC aid but rather include analyses on EU Member States, other donors and International Financial Institutions (IFI) aid, he argued, as ***the EC is one stakeholder in a multiple donors' environment***. In addition, EC aid depends for a large

part on what the other (European) donors do and the flexibility they concede (or not) to the EC. The collective accountability of all EU Member States around EC aid is another important aspect that has to be taken into account when scrutinizing EC aid, whereas the EC is under constraints and faces unrealistic and contradictory demands from stakeholders, including EU Member States. The expectations of the project should therefore not be placed too high, added DG K. Richelle.

The complex status of the EC places the institution both on the bilateral and the multilateral side among donor groups either at global or at local level. The participants indeed insisted on the EC's 'uncomfortable' position referring to being seen and assessed as the EU's '28th donor', while being commonly accepted as an influential body (i.e. on MS, with a federator role, and in the international scene). However, a participant expressed that this both-sided position can be potentially attractive and powerful, especially at Delegation level, bearing in mind that the reform of the institutions, with the creation of a Common European External Action Service, may reshape this. Meanwhile, the EC is (still) regarded in developing countries as the 'soft power'. This is fundamental and it should be preserved.

2. There is an urgent need to **rethink the way to do development cooperation**. Donors have failed to develop countries they have been helping with considerable amounts of aid since the last 50 years. Not one country came out of poverty with development aid alone. Very few countries will meet the MDGs targets and none of them in Africa. The difference is now that it is being monitored and measured (so it will show that it does not work). Within EuropeAid, there is a window of opportunity for a profound rethinking of the way development cooperation should be conducted, with the new generation turning up at EuropeAid keener to adopt business-like management methods. However, a number of elements still hampers this reflection, including: the political will of donor countries; the self propelling characteristics of bureaucracy; the vested interest in the industry of development cooperation and the coexistence of a variety of opinions (from 'welfarist' to 'growthier'). The participants did not consider the EC as enough powerful to engage alone on the debate on development aid effectiveness. In this context some participants mentioned that the ODA rise in line with international commitments on financing for development can become an aggravating factor ("donor-land" offering fantasy?).
3. What are the **objectives of EC aid**? Assuming that there is a differentiation between the various instruments of the EC aid and development policy in terms of approaches, targeted objectives and priorities, it is possible to get an understanding of what the

core principals of EC aid are. EC aid is in general terms about poverty reduction but it has to be assumed that there are different paths to achieve this objective. In the meantime, Member States have their say on the objectives of the different development cooperation mechanisms managed by the EC. It appeared during the discussion that there is a lack of prioritisation of the objectives and frameworks for cooperation (example: there are several different policy frameworks²⁹ for EU-Egypt cooperation: which this cooperation should follow and which has priority in judging effectiveness is not necessarily clear).

In the Discussion Note, it is assumed that ***poverty reduction is the cornerstone of EC development policy***. However, the Lisbon Treaty (and the 2006 European Consensus on Development) recommends other objectives for EC aid, as the values of the EU, the integration in the global economy, the promotion of democracy and Human Rights etc. On the definition of poverty reduction itself and the way it can be achieved, there is no common understanding either: is it about helping the people in developing countries or helping these countries to build their own (democratic, social) system or supporting their integration into the global economy? All the participants argued that poverty reduction cannot be limited to providing direct investment in health and education sectors. Poverty reduction is also about creating long-term economic growth opportunities and about differentiating the response according to the partner countries situation.

There is an urgent ***need to adopt a results-based approach***. The focus is put on the inputs and the process, whereas it should be put on the impact. The “tension” between the commitment-based approach on the one hand and the need for accountability for impact on the other hand is still actual, although there is a tendency to move towards a more results-based approach. This being said, how do we measure the impact of aid? Which indicators are relevant to adopt? Is it rather the virtuous circle that should be observed? One major problem is the difficulty for partner countries to have the right data available for impact evaluation, but progress have been noticed with the monitoring of the MDG which has increased ownership on elaborating statistics at country level.

There is no reflection on exit strategies in the mid/long-term, i.e. strategies beyond aid after the impacts of aid policies are there and long-term development is on the track, although we have seen in previous consultations that there is a demand from

29 (i) European Consensus (ii) Barcelona Process and (iii) Neighbourhood Policy

the civil society in developing countries for the elaboration of such strategies. This reveals the lack of long-term perspective thinking within the EC on the evolution of aid parallel to the impact on development it is supposed to achieve.

4. On **aid modalities**, It was acknowledged that the flexibilities of modalities like budget support need to be explored further, so that it can be used to provide broader support, not only to the governments but also the legislative, the judiciary and local authorities, while maintaining support programmes to local civil societies (in the broadest sense of the term). By mandate it is normal that the Commission relates with Executives, and may have some difficulties to work with independent powers and Institutions, including to engage in more political questions involving the supervisory role of parliaments, power relations between line ministries and ministries of finance, interaction between national and local levels of authorities, etc. This level of authority and capacity is needed in order to really obtain the full development benefits of Budget Support. Nevertheless, the argument put forward by the EC to legitimize the increasing use of budget support is that it guarantees greater predictability, alignment with the national priorities and ownership of aid. With the new concept of 'MDGs contracts', predictability would be even further guaranteed, for social sectors running costs (education and health) in particular. Moreover, there are preconditions before providing BS. Participants however agreed that greater donor coordination is needed on BS, particularly addressing the need for greater monitoring of the democratic scrutiny capacities of the various stakeholders. Another important element in using BS is that the results Oriented approach is much stronger and visible. In this regard, it is wrong to claim that BS is an easier aid modality compared to project or sector approaches. It requires many skilled resources to implement effectively and accompany credible processes. Until 2013, there will be a maximum of 25% of all EC ODA that will be transferred through budget support. Ownership cannot be imposed but in relation to partnership, it is pushed further with the EDF than with budget, which can become a problem in time of crisis when co-decision may paralyse the situation.

Persistent ideas about EC aid are incorrect. EuropeAid disbursement rate (28%) is higher than the DAC average and even than some strong performers, the African Development Bank and major other donors (the Agence Française de Développement (AFD)... 40% of EC aid is directed to CDCs and Other Low Income Countries (OLICs); this is higher than what DAC is doing and close to DFID (i.e. the UK Department for International Development, whose policy mantra is poverty reduction). Figures seem to refute the common idea that the EC aid effectiveness

is impeded by bureaucracy and that it is not enough focusing on poverty reduction. This tends to confirm that the EC is not communicating enough about its aid programmes, or rather it does it in way that does not manage to pass on the right messages. It was agreed that the WECA project is in this regard an interesting opportunity to better advocate EC aid results towards the other stakeholders of EC aid (EU Member States, recipient countries, local NSA, NGOs, etc.), IFIs and the other global donors. Finally, the issue of the impact evaluation of this aid still need to be addressed.

Regarding **coordination**, there are indeed considerable efforts to make with a view to ensuring compliance with the Code of Conduct on **Division of Labour**. But it will not happen yet as there are still power positions that won't be given up and perhaps some MS are looking into lowering their risks by focusing on 'good deliverers' rather than improving coordination in practise. Besides, New Member States show particular resistance to adopt principals such as untied aid, complementarity between donors, etc. arguing that Old Member States are imposing systems on them which do not allow them to gain the benefits of aid programmes that old Member State already achieved (access for their business, development of diplomatic and economic relations, etc.).

This is an explanation for the Member States' reluctance to agree on further steps for deeper coordination of aid. The participants show scepticism on the ability of the EC in Brussels or at Delegation level to play a federating or even a coordinating role. It was claimed that the EC is at least taking the lead on ownership promotion and transparency of programming, and that a pragmatic approach is the key to gradually increase coordination.

5. The **role of the EC in the global agenda** on development aid:

Has the EC the ability to **take the lead on debate on development aid reform**? There is a serious risk that the 3rd High Level Forum of the Paris Declaration that will be held in Accra in September 2008 will come up with nothing new but additional declarations and promises from donors to meet their commitments for the MDGs. The EC has to take the lead and drive a new dynamic with a very concrete action plan. The EC has a role to play as 'developer' of development policies. However, 90% of the additional aid that has been pledged by EU Member States in 2005 - if it comes - will be directly managed by EU Member State, the EC getting the 10% left (a decreasing proportion of overall European ODA). That is also a reason why EuropeAid argues that EU Member State aid should be considered in the WECA process, not only EC aid.

Prior to Accra, civil society organisations have a role to play in lobbying the EU Member States for deeper coordination and collective accountability. But they have to make their self-criticism. NSAs in the developing world benefit from EC aid via NSA support programmes (the example of the NSA support programme for the civil society in Benin - 7 M€ - was cited).

6. Within the **context of the Lisbon Treaty and the creation of the EEAS**, participants expressed their views about a possible reshuffle of desks, tasks and competences between the DGs External Relations, Development, Delegations and the EuropeAid Cooperation Office. Development should be kept out of EEAS, with a strong Director General in charge of programming and implementation policy. Desks would move to the EEAS. Participants commonly agreed that the establishment of EuropeAid as a separate agency would result in a loss of political weight, which they oppose. The future might be the creation of a **European** (ie full EU) Agency for Development, WB model-based, embracing the MS development agencies. One participant conceded: "The EC is indeed bureaucratic but we have learned to work with it".

It was agreed that more comments on the note could be sent to the project team after the roundtable. Comments and suggestions can be posted on WECA's dedicated website: <http://weca-ecaid.eu>

Roundtables in Sri Lanka. Colombo, 13 March 2008

Report of the roundtable with CSOs

***Summary:** EC aid is politically significant in Sri Lanka, at a time when Tsunami reconstruction efforts are being wound down and many bilateral donors are withdrawing, in large part because of concerns about the breakdown of the ceasefire and the human rights and governance situation. The EC is putting its funds entirely through the UN and civil society partners. EC funding is seen to be improving, and delegation efforts to engage civil society are welcome. However, concerns persist about the 'procedural overload' that accompanies EC aid, and the requirement that recipients have a legal personality – something requiring NGOs to register under the Companies Act in Sri Lanka. There are also questions about whether the expectation that civil society will take on a stronger governance role is realistic, and concerns about some of the risks involved. Finally, there are ongoing questions about transparency and responsiveness, and whether the delegation has the right skills to engage in an increasingly political set of discussions about peace and governance.*

This note should be read in conjunction with the note of the discussion with the EC delegation. A short summary of a discussion with official donors is annexed at the end of this note.

Introduction

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The roundtable started with a welcome by Swairee Rupasinghe (ActionAid Sri Lanka). Patrick Watt (ActionAid UK) made a short presentation of the main issues identified in the discussion note and facilitated the discussion. This note provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform participants about the 'Whither EC Aid' process so far and to introduce the main findings from the project's first phase.
2. To create space for an open discussion about the key issues emerging from the project.
3. To seek inputs, examples and lessons to share with the broader project constituency about the experience in Sri Lanka.

Key emerging issues

1. Perceptions of the EC by CSOs in Sri Lanka

- The EC is a major donor in Sri Lanka, increasingly so as other key European donors withdraw or scale back their support post-Tsunami, and in the context of growing donor concerns about the conflict and human rights.
- The EC is an important source of CSO funding, given that its aid is now channelled entirely through CSO and UN channels due to the breakdown of the ceasefire. With aid falling off sharply in the past year, there's growing CSO competition for EC money.
- There was a general perception amongst the participants that the EC delegation has been changing for the better. At the same time, there are ongoing concerns about procedural demands, transparency and the quality of communication with civil society.
- There was some scepticism about EC expectations that CSOs could undertake effective donor-financed work on peace, governance and human rights in the current context, and some concern that unless this approach is handled carefully, civil society would become increasingly vulnerable to an often hostile government.

Other key points include:

2. Delegation capacity and skills

- In general there was agreement that the delegation in Colombo was ‘getting better’ in terms of the quality of engagement with civil society. However, some participants questioned the whether staff in the delegation have the right programme expertise and knowledge of the field context to make sound judgements about which CSO funding proposals to support. Basing decisions on sound local knowledge is becoming increasingly important as a growing number of CSOs chase the same funding. One person remarked that the EC compared unfavourably with the United States Agency for International Development (USAID) in terms of this local knowledge.
- Likewise, the question was asked about whether the delegation had the right knowledge and skills to identify appropriate programme priorities, and where to add value to existing interventions by CSOs, other donors and the government. It was pointed out that similar charges could be levelled at other official donors. Given the small size of the delegation and its being based in Colombo, there was also some discussion about whether they could expect to ‘cover all the bases’ at a time when they’re having to manage a growing number of small-scale CSO projects.

3. Flexibility and responsiveness

- There are ongoing concerns about the reporting burden, especially the length of the application process from beginning to conclusion, and the rigid log frame requirements, especially where it’s not believed that the EC requires this of itself – *‘I’ve never seen an EC log frame or results-oriented strategy’*. In some cases these transaction costs are passed by INGOs down the line to national or local level organisations.
- Time lags of up to 1 year in funding between a contract being awarded and money disbursed were cited as an issue – this makes it difficult to hold onto staff, or can mean that the initial proposal is no longer relevant in a fast changing programme context.

4. Architecture and strategy

- There was some discussion about whether the EC was too operational, and should play a federating/policy anchor role for the member states instead, and act as a

development policy counterweight to other donors with competing or conflicting interests. However, there wasn't agreement on these points, or whether it's realistic or desirable for the EC to play a 'knowledge role' similar to the World Bank's.

- At a time when EU MS bilaterals such as DFID, Swedisch International Development Cooperation Agency (SIDA) and the German Organisation for Technical Cooperation (GTZ) are scaling back or pulling out, there were questions about whether/how effectively the EC was representing their interests or building on their prior interventions.
- There was some discussion about policy coherence, and the extent to which the positions being taken on trade especially in the context of the General System of Preference (GSP+) review were consistent with the objectives on poverty reduction set out in the Country Strategy Paper. GSP+ has been crucial to the growth of labour intensive garment exports to the EU, which now account for over half of Sri Lanka's foreign exchange earnings.

5. Transparency and accountability

- Transparency has improved in the sense that the CSP is readily available, although some participants said it was difficult to get beyond that to the operational detail of what the EC was doing, where, in the field. There were also comments about the CSP process not formally involving the CSOs in the room. There was a perception that despite requirements to involve local civil society, the CSP was essentially a donor exercise. In general, the delegation contacts CSOs to explain or inform, usually about a new tender, rather than to share policy ideas or programme knowledge.
- There was a widespread concern that the reasons for the success or failure of funding proposals, or the criteria for choosing between them, are not fed back to unsuccessful CSOs so they can know better how to apply in the future. Similarly, some participants felt it was unclear how evaluations fed back into future projects/funding decisions: *'two Dutch consultants came, spoke for a couple of hours, sent an evaluation a month later'*.

6. Partnership

- There was substantial discussion about the growing emphasis in the CSP on funding for NGOs to do work on peace, governance and human rights. One participant said that 'human rights work is about activism, but there's no space to do this, not even in Colombo'. Some participants welcomed the EC's commitment to working with CSOs on these issues at a time when Sri Lanka was tending towards new donors

such as China, or going to the Japanese and Asian Development Bank, which have few qualms about the governance situation. However, steps towards CSOs playing a bigger role in this area have to be taken very carefully. It's becomes easy for the government to portray CSOs as Western agents, or anti-state, and this can carry genuine risks for staff. There was some concern that this kind of work would become the only thing donors remain willing to fund CSOs to do.

- There is a lot of dissatisfaction about the recently introduced requirement that EC funding recipients possess a legal personality, when in Sri Lanka this means that they must be registered under the companies act. This takes up to 4 months, and means that NGOs will have to pay tax on any donor funding they receive. Except for small sums of money this condition will also apply to sub-contractors, who are often small and have limited capacity.
- Some participants remarked that INGOs, with a presence in Brussels and European capitals, as well as Colombo, have forewarning of tenders and an intimate knowledge of how the Commission works, giving them a significant advantage. Sometimes, as with multi-country proposals, INGOs without any presence in Sri Lanka have been able to implement projects through larger national NGOs, which makes it difficult for the EC delegation to monitor effectively.

Wrap up ideas emerging from the discussion:

- The EC is improving in terms of its role as an interlocutor with civil society, but this tends to take the form of information rather than consultation;
- The EC is an important funding source for civil society at a time when Tsunami assistance is drying up and many bilaterals are withdrawing. This is creating increasing competition for donor funding;
- The EC must be realistic about the capacity of CSOs to play the governance role envisaged in the country strategy paper, and also be fully aware of the risks involved for CSOs in a climate of growing state suspicion ;
- The requirement that recipient CSOs have a legal personality has created concerns amongst Sri Lankan organisations;
- There are ongoing questions about transparency and about delegation skills and knowledge of the local context, and what this means for CSO funding. There are also persistent concerns about 'procedural overload';
- Participants expressed an interest in follow up work with the EC delegation in Sri Lanka, as part of the WECA project, once a report is completed later in the year.

Report of the discussion with official donors on March 13th (Kharam Dharmarajah, UNAIDS; H.R.M Shilby, CIDA; Leslie Cumming, UNHCR)

- The development partners group of bilaterals, UN and IFIs does meet, but their discussions are confined to heads of delegations/offices, and do not necessarily filter down to a programme level. At a heads of delegation level, relationships are 'quite strong'. There is more communication between the EC and other donors than coordination per se, although there are exceptions – the landmine clearance work is an example of more active collaboration between donors.
- Much of the EC funding that is going through the UN is agreed through Geneva and Brussels offices, although there is involvement at the Sri Lanka end as a result of reporting on specific budget lines. United Nations High Commissioner for Refugees (UNHCR), for example, has specific funding agreements with ECHO and the Commission through the Development Cooperation Instrument. In general, the EC has a reputation for slow follow up and audit, although specific examples weren't discussed.
- The EC work in the field is heavily badged/visible, which raises questions about ownership but also about the risk this can pose to local partners, who can be portrayed as proxies for donor interests.
- There was some discussion about the growing emphasis on CSOs in the EC Country Strategy Paper and the implications for aid effectiveness. With 150 or so NGOs active in the field, who's going to coordinate their activity? United Nations Development Program (UNDP) could potentially play this role; a 4 person EC delegation doesn't have the ability to do this.
- The question was raised about what ownership looks like in a context where such fundamental disagreements exist between government and donors – the government has at times been uncooperative even when it comes to UN agencies travelling in the conflict-affected North and East of the country. If ownership is defined more broadly than just government, it begs the question about which civil society organisations should be engaged.
- There was also some discussion about the capacity of the EC, or other small donor offices, to enter into meaningful dialogue with government when there are 'hundreds of institutions' that need to be engaged.
- Most donor offices in Colombo also have responsibility for the Maldives, and many are putting increasing effort into working with the Maldives on issues such as health and drugs interdiction at a time when relations with the Sri Lankan central government are poor. At the local level, some of these obstacles dissipate.

Report of the discussion meeting with EC

Summary: *Civil society and multilateral organisations are the two main channels for EC funding in Sri Lanka, which is focused on human rights and support to Tsunami and conflict-affected Internally Displaced Persons (IDPs) and their host communities. As other donors withdraw or scale back, the EC is the main European donor in the country. Engagement with civil society could be improved, although this would require changes from CSOs, as well as the Commission. Overall, the quality of the relationship has improved, as has the quality of EC aid. The official state of war effectively precludes progress on the Paris agenda.*

This note should be read in conjunction with the note of the discussion with civil society organisations.

Introduction

‘Whither EC Aid’ (WECA) is an independent, joint ActionAid-ECDPM project that aims to contribute to a broader based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalisation of an initial discussion note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. After holding a total of 6 workshops in Europe, the second in a series of group discussions in partner countries took place in Colombo, Sri Lanka on Thursday 13th March 2008.

The objectives of the roundtable were:

- to inform participants about the ‘Whither EC Aid’ process so far and to introduce the main findings from the project’s first phase
- to create space for an open discussion about the key issues emerging from the project and
- to seek inputs, examples and lessons to share with the broader project constituency about the experience in Sri Lanka.

Following up from this roundtable, we met with the EC delegation on March 14th.

The meeting was attended by Swairee Rupasinghe and Maria Kristensen (ActionAid Sri Lanka) and Patrick Watt (ActionAid UK). Christine Desbordes-Pelegrin (Deputy Head of Finance and Contracts), Borja Miguez (ECHO) and Karolina Hedström (Programme Manager, Human Rights and Governance) attended from the Delegation.

Key issues and points of discussion

- Sri Lanka is a 'special case' – many bilaterals are pulling out or substantially reducing their aid (e.g. SIDA, GTZ, DFID), leaving the Commission as one of the few substantial European donors left in the country. Sri Lanka is now in scenario 3 (open conflict) according to the EC Country Strategy Paper, and, as such, all Commission aid is now going through UN and civil society channels. Given the situation, with poverty concentrated in conflict-affected areas, there's been a conscious decision to base the CSP on the conflict and the role of CSOs: humanitarian concerns and human rights are the reasons the EC still has an aid programme in Sri Lanka. The Commission plans to focus on programmes for IDPs in conflict-affected districts in the North and East, and to support a strong programme of human rights and governance work by civil society.
- Ownership is extremely difficult to achieve where there are deep differences between the central government and donors, and the Paris agenda is simply not relevant in Sri Lanka. There's a mutual lack of engagement on both the donor and government side in greater coordination.
- There's not much regular, formal consultation with CSOs in Sri Lanka, although the CSP is influenced by what civil society tells the Commission. This is partly because the CSOs have been poor at coordinating among themselves, with competition getting in the way of good collaboration both in the field and in Colombo. Existing umbrella groups are not necessarily very representative, and attempts to support the establishment of an umbrella body for CSOs working on HRs issues foundered for similar reasons. The head of delegation does have a regular lunch with the heads of ten of the NGOs in Colombo, which he uses as a sounding board and source of information.
- When there's a call for proposals, the EC will invite CSOs in. Feedback on failed tenders could be improved, as could clarity about expectations, although there's a basic issue that there are more potentially fundable tenders than there's money.
- The Commission does provide small grants of as little as 30,000 euros for CSO capacity building, although there's a question about whether the EC can ever be sufficiently flexible – given accountability demands from the parliament and MSs – to be an attractive and appropriate source of funding for smaller civil society organisations. The requirement for proposals and reporting in English also works as a disincentive for some smaller local CSOs.
- The EC financial regulation requirement that all funding recipients have a legal personality does require Sri Lankan NGOs to register under the Company's Act or by an Act of Parliament – non-profit status doesn't confer legal personality. This makes

- CSOs liable for taxation, although sub-contractors handling smaller sums of money can be exempted. The EC is not alone in this – USAID has similar requirements.
- The Guiding Principles for Humanitarian and Development Assistance in Sri Lanka endorsed by most of the donors are based on NGOs' own codes of conduct, including that of the Red Cross. The Commission doesn't insist on visibility for programmes in the North and East in the way that they would for an infrastructure project, in order to protect partner organisations. The European Commission's humanitarian Department (ECHO) has a strong network of NGO partners, with regular meetings to discuss access, security and regulation affecting the operations of aid agencies.
 - Coordination among donors has been somewhat better, although it's mainly about information sharing. The official donor forums with government have tended to be ad hoc and have largely stopped happening, although the head of delegation remains in close contact with the government on a range of political, trade and aid-related issues.
 - A Consultative Committee on Humanitarian Affairs (CCHA) was established on the EC's suggestion last year. The main aid players (UN, International Committee of the Red Cross (ICRC) and NGOs as represented by CCHA) meet with key government players (Basil Rajapakse, Sec Defence, Min Human Rights, military liaisons, etc) meet monthly to discuss practical issues about access, security and programme implementation. US and EC ambassadors also meet regularly with the Defence Ministry to discuss humanitarian work.
 - The bilateral donor group meets regularly, and is the strongest of the donor forums. This is chaired by the EC, and includes both Europeans and the US, Canadian International Development Agency (CIDA) etc. EU Development Counsellors pre-meet in advance of this meeting, which ensures a level of common agreement. The question of the EC's institutional mandate to coordinate is a sensitive issue for some Member States. Where there's a strong MS holding the presidency, as with the UK and Germany, it's relatively easy to work together. Where there's less capacity, managing this relationship can be more complicated. The relationship between the delegation and MSs depends a lot on personality and experience. Where there's a strong head of delegation, as is currently the case, the EC is much better able to take a lead role.
 - The Commission delegation is 'fully staffed' and has sufficient capacity for the current portfolio. There's a 50/50 mix of European and Sri Lankan staff, which ensures a good combination of local knowledge and knowledge of EC procedures. Europe Aid and Relex correspondents visit once a year, but deconcentration has largely put financial decisions in the hands of the delegation. In the 3-4 years that the longest serving delegation staff have been in Colombo, how the EC works with partners has

improved markedly. Previously, the NGO co-financing budget line had to go through Brussels and then India (which had few incentives to process Sri Lankan contracts quickly), leading to long gaps between commitments and disbursements. Whereas an addendum to a contract now takes 3-4 weeks, it used to take 'ages'. Likewise with closure of contracts (the India delegation is now closing Sri Lankan contracts that have been inactive for two years).

- There is increasing flexibility too with issues such as the transfer of equipment to the UN in the North of the country, where a decision's been taken to work more through the UN agencies. Beyond office equipment and vehicles there is currently very little procurement, but the untying regulation has meant that the delegation has been able to recruit consultants from India and Malaysia, and some equipment from Thailand, thereby lowering costs.
- Evaluation takes place at several levels. Regular reporting takes place twice yearly, requested by Brussels. The delegation also strongly encourages partners to do an external evaluation in each project, both at mid-term and completion. The EC will also carry out their own evaluations on larger projects, including as part of x-country exercises. In addition, ongoing monitoring of projects, including with partners, is essential in what's an often rapidly changing context - because of the situation project managers cannot always easily go to the field.
- Trade is the most sensitive part of the EC dialogue with government at present, as the GSP+ review is linked to the government's compliance with key international human rights conventions that Sri Lanka has signed. (GSP+ has been crucial to the success of the growing garments sector, which now accounts for about half of all export earnings). The Commission has been reflecting the views of MSs in these discussions (as with the troika visit the week beginning March 17th) and trade technical assistance has been slowed for the time being. So too has working with Chambers of Commerce on capacity building to meet phytosanitary standards etc.

Workshop on Budget Support with EC and EU NGOs. Brussels, 27 March 2008

Summary: On 27 March, ActionAid International (EU Office) held a roundtable on budget support which gathered participants from the EC (Directorate-General Development) and from a panel of Europe-based CSOs. There was an interesting and lively discussion focused on the issues and concerns arising of the increasing use of budget support. This proved the need to increase mutual understanding and develop further expertise on this area.

The discussions focused on the concept of the MDG contract, the interrelation between the EC as a donor and the International Monetary Fund, the conditionality generated by the EC Governance Initiative and especially the incentive tranche mechanism, as well as on the need for achieving democratic accountability and the challenge this entails in terms of capacities of the various local stakeholders, non-state actors in particular.

Eager to help shape the debate at the EU level, participants appreciated this WECA roundtable as an opportunity for exchanging viewpoints on an area generating a great deal of interest amongst stakeholders.

Introduction

'Whither EC Aid' (WECA) is an independent, joint ActionAid-ECDPM project that aims to contribute to a broader-based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalization of an initial Discussion Note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. After holding a number roundtables in Europe and a workshop in Kigali, Rwanda, the first in a series of group discussions in partner countries, the consultation process has moved ahead with the organization of a roundtable with representatives of the Directorate-General Development and a panel of representatives of Europe-based CSOs on Thursday 27 March 2008 at the ActionAid EU office.

This roundtable gathered the largest audience of all workshops and roundtables held in the course of the consultation process so far. The meeting started with a welcome introduction by Joanna Maycock (ActionAid International), followed by a

presentation of the WECA background, objectives and key emerging issues identified in the Discussion Note and from previous workshops so far. Mr. Frans Baan (DG Development) introduced the EC's argumentation on budget support, key figures and identified issues, processes and strategy³⁰. This led to an informal and interesting exchange of views between the participants. The discussion was facilitated by Joanna Maycock. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

The purpose of this roundtable was to have an informal exchange between (Europe-based) CSOs and EC representatives on budget support with a view to increase sharing of information and perspectives. It aimed at improving mutual understanding between the participants and bring additional clarity to the work and thinking on the issues around budget support.

Key emerging issues

The following points were raised in the presentation made by the EC representative:

Budget support is increasingly used as an aid instrument; it is the EC's preferred aid modality

Being further ahead than most other donors, the EC has given priority to BS. Therefore, there is an evident need for increased mutual and shared knowledge on this area, eventually to make it work better. In the 10th EDF, 44% of total programmed funds (over a total of €13.5 billion) will be channeled through BS, against 25% in the 9th EDF. This would be the result of a moderate increase in General Budget Support (28.1% of total National Indicative Programmes against 24.7% at the beginning of the 9th EDF) and a significant increase in Sector Budget Support accounting for 16.1% of total resources. The ambition is to reach 50% of BS by 2010. As an example, Rwanda will get 60% of its aid envelop through BS.

³⁰ The presentation is available on the ActionAid Italy website <http://actionaiditaly.blogspot.com>

In the EC's view, the overall objective of BS (as for any development cooperation instrument) is to help recipient countries to become independent from international aid. BS should help in the construction of a sustainable framework. In this regard, stakeholders should assume that, while providing BS, donors do not intend to stay in beneficiary countries. The perception of BS among the civil society is rather negative. BS is considered as a risky aid modality, difficult to control, lacking visibility, fungible, difficult to grasp. Although regarded as technical and the domain of specialists, **BS should be demystified**.

Economic governance and budget support

Budget support is part of a **'bigger picture'**. It is linked to the Paris commitments on harmonization and alignment of international development aid. It embraces actions to support national systems (it is also said to reduce aid transaction costs, although this has not yet been proven).

BS is given priority but it is not without risks. The EC has eligibility criteria before engaging in BS: there should be a national policy and (state-owned) poverty reduction strategy in place; a stability-oriented macroeconomic framework; a credible and relevant programme to improve Public Financial Management (PFM). In this regard, the EC is well aware of the importance of the issue of natural resource management (in oil producing countries, in fragile states, in logging industry).³¹

What is PFM about?

PFM is about accompanying the institutional capacities of the country (support to financial administrations and to national institutions controlling the budget like the court of auditors, to the parliament, etc.), as well as about supporting national systems performance (tax collection and customs systems, budget preparation, budget performance, internal controls mechanisms, etc.). In a sense, **it is very much about building confidence in national systems that are being strengthened**. BS intends to achieve financial accountability of the national financial system (tax payers are confident in the system of their country; the system is transparent and efficient; corruption is tackled). The EC approach on BS is definitely results-oriented and focused on PFM reforms and PRSP implementation. It creates space for improved government

³¹ The EC intends to open new areas of cooperation in the area of natural resource management, such as through supporting the Extractive Industries Transparency Initiative (EITI, more information available at www.eitransparency.org/).

policy, stimulates demand for high-quality data, etc. In return, local parliaments, CSOs, the media, etc., have to engage further in the scrutiny processes.

BS allows donors to **look “inside the kitchen”**. In other words, it gives donors leverage to engage in more political dialogue with recipient governments (on governance, on poverty reduction and growth strategies, on PFM aspects). The system of fixed and variable tranches has been designed to generate a leverage effect as well. This system embraces criteria on various governance aspects such as internal audit, budget procedures, as well as performance indicators in notably the social sectors (i.e. health and education). Joint assessment is made on the basis of agreed country-owned indicators as set out in what is called the Performance Assessment Framework or ‘PAF’ and linked to the PRSP.

Budget support coordination groups

Openness of BS coordination groups proved to be key in countries like Zambia. Participation to these groups should be broadened to the various stakeholders, notably CSOs. In Tanzania, CSOs are invited to participate to the annual review meetings, although not during the whole process. These coordination groups should communicate more often and towards all the different stakeholders in the partner country. This would contribute to the demystification of budget support, and improve its effective use. Coordination is even more important in post-conflict and fragile states.

The MDG contracts

The concept of MDG contract will be piloted in a selected number of countries. The idea is to commit aid for a period of 6 years with annual monitoring focused on results, performance assessment and reinforced dialogue with the partner country. What differs from ‘ordinary general budget support’ is that the review of performance can only lead to changes in the allocation after the first three years. During these first three years, the disbursed amount is constant. On the EC’s point of view, **amount of aid is not the issue; the issue is rather about the timing and the predictability of aid and the deep dialogue it enables on sector policy**. The MDG contract instrument allows for longer term predictability; the effectiveness of aid is supposedly increased then. This instrument will also aim to avoid ‘stop-and-go’ practices, when donors take (uncoordinated) positions towards freezing their budget support because of political or economic instability, corruption, cases of late disbursements, etc. (the examples of Tanzania and Mozambique were mentioned).

The other idea, as its name indicates, is to better link budget support to MDG impacts. MDG contracts are designed to be a tool for monitoring the impact of budget support on the MDGs targets under the poverty reduction strategies. It is supposed to help *make sure that developing countries stay on the right “track” towards achieving the MDG targets.*

This EC's proposal for the concept received mixed reactions from EU Member States so far. Discussions are still ongoing but there are concerns that it will be difficult to reach consensus amongst the EU Member States before the 3rd High Level Forum in Accra in September 2008, although the EC would like to make the MDG contract a cornerstone of its contribution to the roundtable debate on alignment which they will be co-chairing then.

The EC will aim to combine the assessments foreseen in the framework of the MDG contracts in the selected countries as far as possible with the Mid-term Reviews (MTR) under the EDF.

Issues for further discussion

How do we achieve democratic accountability?

First, different situations are observed on the ground, so there should be no generalization on this issue. The fact is that there is a huge lack of knowledge among the various stakeholders (parliamentarians, CSOs...). There are still a lot of efforts to make in order to strengthen their capacity. BS gives the opportunity for local stakeholders to focus on the national system and procedures rather than on the donors' multiple and different procedures.

CSOs frustrations vs. frustration of the EC when interacting with CSOs

The EC called for more interaction with CSOs but remarked that it is sometimes very difficult for the EC to engage with CSOs at local level. There is a lack of identified, organized and operational platforms of CSOs/non-state actors in beneficiary countries.

What role for CSOs?

Donors increasingly rely on CSOs at sector level for the situation and impact assessments of Sector Budget Support (SBS). It was remarked that CSOs are asked to assume greater tasks and responsibility in terms of watchdog role and participation in assessment and scrutiny processes while the support provided to them (and local non-state actors in general) is decreasing in the 10th EDF compared with the 9th EDF. Concerns were raised that the expectations by donors are overweighing local CSOs capacities.

The EC-IMF interaction

The interaction between the EC and the IMF should be made more coherent. There should be common agreed matrices for macroeconomic and risks assessments. This is particularly critical when BS is provided to Fragile States.

The case of Sierra Leone, where BS from the EC and DFID (UK) were temporarily suspended last year after the IMF released warning signals on macro figures, was raised. The EC finally decided to disburse – with four month delay – its BS aid to ease treasury tensions and also to avoid potential dramatic political consequences in the context of the Sierra Leonean general elections. After close contact with the IMF, this decision to disburse was taken after the EC made its own assessment of the situation and compared the potential risks and the actual needs (payment of the wages of the civil servants and basic expenditures). The lessons learned are twofold: first, **BS can be used as a means to conflict prevention**, particularly in the context of fragile states; second, the IMF (IFIs in general) and donors' court of auditors are in the position to obstruct the delivery of aid and difficulty to implement the IMF programme may lead to late disbursement on the basis of alarming financial/macroeconomic assessments of their own (i.e. elaborated with their own matrix).

The opportunity for CSOs to engage further in a dialogue with the IMF is an issue pending.

Governance profiles and the incentive tranche mechanism

The EC participants insisted on the fact that this is the first time that there are transparent and mutually agreed processes for governance evaluation in partner countries. The EC joined hands with the EU Member States on the basis of this initiative. It was agreed that it is in everybody's interest to involve all the stakeholders in the process to achieve greater domestic accountability.

The incentive tranche mechanism is a component of the EC's Governance Initiative which consists in providing incentive tranches to partner countries in response to the level of ambition and credibility of a governance action plan set up by the recipient government and embracing criteria on various governance aspects such as internal audit, budget procedures, etc. Joint assessment is made on the basis of agreed country-owned indicators.

Reacting on the comments made on the interaction of the IMF on aid delivery and on the Governance Initiative, the EC highlighted that EC aid through BS is not linked to the political conditionalities (although some European donors might put political conditionalities before engaging in BS). ***The EC tries not to see BS as a political means, despite CSOs' concerns*** (arguing that the risk to place political conditionality on aid would be increased under the new shape of the Lisbon Treaty).

Other issues discussed

The EC representatives pointed out that in (almost) every recipient country, BS amounts are lower than remittances received from emigrants settled in developing countries.

Roundtable in Sweden. Stockholm, 31 March 2008

Summary: A roundtable was held at Sida in Stockholm, Sweden on the 31 March. Participants attended from the Swedish Ministry of Foreign Affairs, Sida and Sadev (Swedish Agency for Development Evaluation) as well as from Concord Sweden. After an introduction of the WECA project participants engaged in discussions on various issues.

The Lisbon Treaty was mentioned as a window of opportunity for strengthening the EC aid effectiveness, but concerns were also raised about the lack of participation by development departments and DG DEV in the discussions. Sweden is keen to see a strong development component in the new set up including a strong development competence in the field. Participants noted the concerns expressed by stakeholders in the south about the upcoming changes. On the issue of the Code of Conduct it was pointed out that the role of the EC in enhancing aid effectiveness stands before the challenge of avoiding to add an additional, hampering, layer to the coordination. The view of some participants was that EC should keep a broad approach and not specialize in certain sectors, given its added value of being seen as a more neutral actor and able to engage where some Member States cannot, for example in fragile states. However, it was underlined that the question of the added value of EC aid should be answered by the recipient countries themselves. The question of how to achieve ownership in practice was also highlighted including in implementing division of labour. Sweden pushes for the adoption of results-oriented strategies, although taking an ambiguous stand towards the MDG contract arguing that there is no need for a new instrument to achieve predictability.

The participants mentioned the usefulness of the discussions in the light of the upcoming Swedish EU Presidency next year. They also expressed their interest in the outcome of the WECA project and offered their views on the future of the process.

Introduction

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inputs from stakeholders. After holding a number of roundtables in Europe and in the South, the consultation process has moved ahead with the organization of a roundtable with representatives from the Foreign Affairs ministry of Sweden and Swedish development aid agencies (the Swedish International Development Cooperation Agency – Sida, the Swedish Agency for Development Evaluation – SADEV) on Monday 31 March 2008 at Sida, Stockholm. A representative of Concord (the European platform of development NGOs) Sweden also participated in the meeting.

The meeting started with brief introductions to ActionAid International (Romain Philippe) and ECDPM (Gwénaëlle Corre), followed by a presentation of the WECA background, objectives, process and key emerging issues identified in the Discussion Note and from previous workshops (Gwénaëlle Corre). This led to an interesting exchange of views between the participants. The discussion was facilitated by Gwénaëlle Corre. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

The purpose of this roundtable was :

1. To inform participants about the WECA process and to introduce the main findings from the project's first phase, and second phase so far.
2. To get the views of the participants on the debate on EC aid effectiveness in general and in particular on the following three areas:
 - **Future perspectives** (how will the Lisbon Treaty affect the EC aid effectiveness? which key aid effectiveness targets should be priorities for the EC and what does this mean for Sweden in the EU context?).
 - **EC as a donor** (added value of EC development cooperation? how should the EC combine its coordinating function with those of a leading reformer and a facilitator of policy? how best can an effective division of labor within the EU be achieved? where does Sweden stand with its own self assessment?).
 - **The challenges of implementation, the practice of accountability and ownership** (to what extent are development priorities supported by the EC's aid architecture and management and how might this be improved? ownership in practice: the European experience, interrelation Sweden/EC?).

Key emerging issues

The participants welcomed the WECA initiative. Sweden is part of the DAC Peer Review mechanism and of the MOPAN (Multilateral Organizations Performance Assessment Network³²) process. In this context, the WECA project is useful and participants expressed their wish to see more work on EC aid effectiveness.

Future perspectives and the implication of the Lisbon Treaty on EC aid effectiveness

- There are a lot of discussions going on but still a lack of knowledge on what is given by the Treaty. In any case, the new Treaty opens *a window of opportunity for strengthening EC (and EU as a whole) aid effectiveness*.
- Concerns were raised about the lack of participation by development departments and DG DEV in the discussions
- The roundtable participants are keen to see a strong development component in the new set up and a strong development competence in the field which would result in greater coherence in the policy mix. There should be one clearly identified actor on development at EC headquarters level. The Council would keep its competency on ensuring policy development coherence, and the participants would support a PCD unit within the council structure.
- Ultimately, it is the EC's own responsibility to reorganize itself (streamline aid instruments, reorganize internally, reshape the regional focus – the differentiation between ACP and non-ACP countries was questioned – move on towards the budgetisation of the EDF, etc.).
- The mandate of the HRFASP (High-Representative for the Union Foreign Affairs and Security Policy) and of the EEAS are not clear in the new Treaty, neither is it clear who would be accountable for EC development cooperation. The participants' understanding is that the HRFASP and the EEAS would have a coordinating role; management would fall within the EC; both the HRFASP and the EEAS would be accountable to the Development Commissioner. The hope is that the new set up could actually push development methodology into the Relex level.
- The impact of the new shape on development aid will depend on its implementation in the field and could thus differ from country to country. It will possibly increase coherence of the policy mix, give leverage on partner countries, place the EC in a coordinating role, and eventually result in increased aid effectiveness.

32 Austria, Canada, Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

- Participants noted the concerns expressed by stakeholders in the South about the upcoming changes. These stakeholders appreciate to rely on EC Delegations in a different way than they do with EU Member States' Embassies and bilateral cooperation and aid agencies. This would eventually change in the new set up (with professional diplomats from EU Member States Foreign Affairs ministries put at the disposal of the Union Delegations).
- In this regard, the reform presents both opportunities and risks. The EC's neutral position could possibly be jeopardized, although it will depend on case-by-case implementation at country level.
- Finally, how will the new shape of the EU institutions affect bilateral aid/development programmes? This is not a major issue for Sweden (only 7% of Swedish ODA is channeled through the EC), but rather for European donors like France, the UK, etc. which have to increase their ODA in line with commitments made in Paris. For some European donors, the question is how to best channel their aid, through the EC or bilateral aid? Should the EC focus on development policy and Member States keep their competency on aid?

The added-value of EC aid and of the role of the EC in development policies

- The question of the added value of EC aid should be answered by recipient countries themselves.
- The **EC has a role as a developer of development policies** (example with the Code of Conduct on Division of Labor): the EC has a role to play for pushing ahead the development agenda; it is an opportunity, not a threat. However, the EC should be careful not to push the development agenda only with a technical approach and should focus a little more on the political side, as when it comes to implementing development policies Member States have a capacity of obstruction.
- On the **Division of Labor**, Sweden is aligned with the EC's position. With the Nordic + guidelines on joint assistance as a first step, participants stated that DoL has been raised on the agenda by the Nordic Plus,³³ and Sweden has been an initiator. Sweden has progressed on the implementation of the DoL at country level, but less at sector level. It also contributes to build a wider spectrum of experiences on the DoL implementation (Albania, Nicaragua) than just the pilot countries to highlight in Accra. Resistance is rather coming from Mediterranean EU Member States (Nordic Plus with the EC is a good format to have sufficient critical mass for pushing on

33 Nordic Plus countries are Denmark, Finland, Ireland, The Netherlands, Norway, Sweden and the UK.

certain issues like with the Paris Declaration). It is interesting to note that partner countries sometimes see the DoL has a threat (less bargaining power towards the donor community, fear that it will lead to a decrease of EU ODA and the apparition of orphans sectors, etc.). For Sweden, the priority in Accra is to focus on (wider) participation and ensuring that implementation is based on the priorities of the partner countries.

- Stakeholders have different views on what donors should do or not in terms of country/sector focus, aid modalities, etc. It would be difficult for the EC to focus on certain countries/sectors and in the participants' view, it is better that the EC keeps a broad approach. The EC has the capacity to engage in all sectors and it is preferable not to leave certain sectors to one single Member State (the infrastructure sector for example). The presence of the EC in countries where Member States cannot be, for example fragile states, was underlined. The constraint over performance in such context is well understood and Sweden would not use it against the EC (the difficulty to perform needs to be taken into account when it comes to performance and impact monitoring). The repartition of sectors focus/leadership between donors is an issue that should be discussed at country level and it should be made on the basis of donors' capacity by sector.
- The paradox between the Paris Declaration and the fact that Aid is a political issue (some of its content, objectives, management are influenced by politic considerations) can influence the implementation of the Code (for instance with the pressure to spend ODA on social sectors). Participants mentioned that it is important to come to a definition of what is required to take the lead on a sector, or a country: a set of pre-requisites that certainly include the fact of 'being asked to do so'. It indicates the importance for a common understanding and shared definition of sectors.
- In this context, some participants warned about the danger that some of the mainstreamed thematic issues (like gender equity for instance) would not leave any traces behind even when some specific competences have been built if the implementation of the Code leads to concentration of expertise on a limited number of sectors. As a consequence, the technical capacity built on these mainstreamed issues at some point might be marginalized or even lost.
- It was pointed out that the role of the EC in enhancing aid effectiveness stands before the challenge of avoiding to add an additional, hampering, layer to coordination.
- Another particularity of EC Aid pointed out by the participants is its capacity to transfer substantial amount of funding into sectors that require big investments.
- Sweden's position is to keep a strong competency on development questions in the partner country delegations. Sweden is glad to see the EC moving ahead on aid

deconcentration and would be keen to see further steps in this direction. Discussions on CSP should take more time at country level and less in Brussels; CSPs should be more flexible to better align with the national PRSP. Budget support should also be discussed at Delegation level. In this regard, the staffing issue has to be addressed. There is a clear lack of expertise capacity at the moment in the delegations. More specialized staff is needed to conduct sector needs analyses and aid impact assessments.

- The EC is leading the trend on **budget support**. Developing evaluation and monitoring practices and instruments of budget support could be an added-value for the EC.
- Another added-value of the EC is the **EU wide strategies** (there is a development perspective in the Economic Partnership Agreements (EPAs), the EU-Africa Strategy, etc.).
- EU Member States are not very present in Fragile States or, by definition, in orphan countries. Sweden is keen to see the EC as an engine of the EU development cooperation in Fragile States and orphan regions. It has a comparative advantage considering the political context in these countries and its image of neutrality as a donor.
- “Donor darlings” is an issue that needs further attention as these countries risk a higher dependency on international aid. When a country relies on external aid for 25% or more of its Gross Domestic Product (GDP), it is a serious issue. This issue should be addressed in the framework of the DoL.
- The **MDG contract** is an outcome-based conditionality concept (there is no conditionality as such but conditions on the fulfillment of mutually-agreed outcomes and of commitments on good governance). It will have the benefit to end ‘stop and go’ practices and eventually increase predictability. Sweden has an ambiguous view of the MDG contract, and has been taking position against it, arguing that there is no need to introduce a new instrument to achieve predictability. Now, although the MDG contract is a key element of the EC package for Accra, the EC is concerned that there will be no consensus on this proposed instrument before Accra.

Implementation, accountability & ownership

- **Impact assessment:** Sweden pushes for the adoption of results-oriented strategies, with impact goals by sector over a 4-5 year period and agreed inputs to achieve these goals. The EC argues that the instruments to measure impact are lacking. However, the indicators/statistics to measure aid impact exist already. The example of Budget Support was brought up, where there are numbers but no real data on actual impact. The EC should use what the international community has already

agreed on (MDG targets). Annual reports should be more analytical and highlight impacts and not focus on process.

EC aid through budget support average 35%, but there is no data available on the impact of this aid on poverty reduction. One of the difficulties to measure impact is that it requires to measure national development indicators *over a long time*.

Besides, there is a lack of data available at country level on where we stand on the MDGs targets. However, for the first time, partner countries were put in a situation where they had to collect data on the achievements of basic social services. MDG indicators are a relevant framework for impact assessment that partner countries can use in their relations with donors. Sida has now to introduce the 'impact perspective' on each sector for the programming period (4-5 years) and the expected outcomes (over 2-3 years).

- **Budgetisation** of the EDF would increase accountability, on the European side at least (with the European Parliament being entrusted to scrutinize it). Some participants expect that budgetisation might even lead to the possibility to foster some of the CPA features into the budget (more ownership, in particular). They acknowledge the fact that it would lead to rethinking the function of the National Authorising Officer. The EP would also be in a position to fill the knowledge gap of the EC on certain issues (democratization, human rights, etc.) and to increase the pressure on the EC to make sure these issues are systematically taken into account. The recent reading of the CSP by the EP highlighted this aspect.
- **Local expertise capacities** are lacking, not only at institutional level but also at private level (consultancies, research centers, etc.). These capacities would be opportunely used to monitor and evaluate the governmental/institutional use of aid. Investing on local impact assessment capacities is a challenge for donors. Participants underlined the fact that Sweden invest ODA on building knowledge capacity at country level which is quite unique. On EC staff, some participants' view is that the staff mostly consists of generalist when more specialists are needed, especially to deal with cross cutting issues. Besides they suggested that Swedish experience could support EC on developing skills for political dialogue.
- Participants noted that the Swedish experience on **Joint Programming** was not so good so far. They feel that it is not easy to engage with the EC which focuses too much on analysis and not enough on description of what is needed. Some also felt that the approach was more an input for the EC strategy and regretted that the whole 'give and take' balance was consequently affected. They noted some major improvement over the past 12 months and confirmed that they see an evolution of the EC in the right direction (ex.: Ethiopia).
- ECDPM remarked that there is **not much about ownership and participation in the**

EC package for Accra (Division of Labor and MDG contracts); ownership is a bit lost in the process although a Paris commitment.

Sweden pushes the agenda on ownership within DAC meetings. However, there is a capacity issue arising from ownership: how do we achieve ownership in practice in partner countries?

Issues for further discussion

- The participants mentioned the usefulness of the discussions in the light of the upcoming **Swedish Presidency of the EU** in Autumn 2009. Aid effectiveness will be a priority issue on the agenda. It will be the timing for the EC to show results and identify new measures to meet the commitments made in Paris in 2005. A lot is yet to be decided concerning the priorities of the Swedish EU Presidency as it depends on the Accra outcomes.
- There will also be a need to follow-up on the commitments that will be made at the Financing for Development Conference in November/December in Doha. Participants expressed their concerns that financing for development could become a new fashion overshadowing the debate on aid effectiveness.
- The participants expressed their interest in the outcome of the WECA project and offered their views on the future of the process. ECDPM detailed the next steps ahead (roundtables to come, issuing of three briefing papers on topical issues, presentation of WECA at the Codev in April, and elaboration of a final report...). Suggestions were made by the participants:
 - to organize the final report item by item so that it can be picked up in other processes and answer basic questions – what can the EC do? What can EU Member States do to influence the EC? What can the EC and EU Member States do as EU?
 - to keep the presentation at the Codev brief and focused.
- The added-value of ActionAid in the WECA process was recognized (capacity to have on board development European-based CSO networks and stakeholders from the South).

Roundtable in Italy. Rome, 15 April 2008

Summary: *On 15 April we held a workshop in Rome co-organised by ActionAid Italy, ActionAid Brussels and ECDPM. There were participants from the Italian Ministry for Foreign Affairs, UN Campaigns, the Italian and international Development NGO community as well as from The European Commission's Representation in Rome.*

There was an interesting and lively debate primarily focused on the role of the European Commission as a motor for development cooperation reform. On the day following the national elections, much emphasis was made in the discussion about the need for reform of Italian development cooperation and the role the EU should/could play in that process. The participants addressed concerns relating to coherence of policies and practices in EC Aid.

The discussion also looked at the potential impact of the Lisbon Treaty on the poverty focus and impact of the EU's development actions.

The discussion also addressed a series of concerns relating to the communication of development policies and impacts and the need to engage a broader public in these discussions to ensure support.

Introduction

'Whither EC Aid' (WECA) is an independent, joint ActionAid-ECDPM project that aims to contribute to a broader based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalisation of an initial discussion note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. The workshop in Rome was one of the 8 workshops held in EU Member States and took place on Tuesday 15 April 2008.

The roundtable started with a welcome by Gwénaëlle Corre (ECDPM) who facilitated the discussion. Joanna Maycock (ActionAid) made a short presentation of the main issues identified in the discussion note and from previous workshops as those meriting special attention in the workshop with the small group of donor/government representatives.

This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

1. To inform participants about the WECA process so far and to introduce the main findings from the project's first phase, and second phase so far.
2. To create space for an open discussion about the key issues emerging from the project.
3. To seek inputs, examples and lessons to share with the broader project constituency about the experience in Ireland of EC aid and the evolving aid.

Key emerging issues

EC as motor of EU Development Cooperation Reform

There was a general consensus in the meeting that it is impressive how the EC has speeded up policy reform in the last 3 years. The assessment is that this is because the EC has been trying to find and push its role and added value in recent years. Some participants felt that it could have a leading reformer role as it had in 1990s in humanitarian aid. Examples include:

- The approach towards **governance within the EDF** was cited as an example of the EC trying to pursue new and innovative approaches by attempting to find a new “non-conditionality” path.
- **Budget support and MDG contracts** were also given as examples of EC innovation which try to give much more transparent and predictable aid inflows for partner countries. However there was a note of caution about the importance of balancing the need for control with avoiding the temptation of introducing new conditionalities. In other words participants expressed the need for a correct balance between ownership and control. Another concern was the need for a broader reflection about the objectives and ultimate goals of budget support, and how can budget support enhances decentralised governance.
- **Italy and the MDG Contracts:** there is not much public discussion of this in Italy. Rumour is that Italy is one of the main opponents to it, but NGOs aren't sure of

that nor do they have any discussion with government about it. Cultural arguments are made : religion, ideology in aid is used as an argument against it (whereas the concept of funding programmes or projects – in a ‘charity’ type of approach – don’t meet any resistance, the move to support directly foreign state budget looks more difficult to accept by citizens). The need to support Southern CSOs is also used as an argument against BS: it is feared that there will be less space for interaction with the donor community if the emphasis is put on political dialogue with governments, and that the access to funding for CSO might be consistently more difficult to secure if it is left to the government to be decided.. There is no transparency in the government’s position. No parliamentary debate in Italy as there has been in Germany for example.

- **Italy and the Code of Conduct on Division of Labour**

Italy is seemingly supporting the code of conduct but acknowledges that it will be difficult to implement in practice as it requires certain changes to the law at national level. In Italy there is a serious will to follow and implement this policy, MS are discussing very seriously about this in a list of pre-defined countries (the so called ‘pilot countries’). Most of these are countries where there are many donors and a certain amount of competition for sectors. Italy is still in the stage of discussing, and these are part of negotiations. First interest is in the countries where Italy is active bilateral donor.

Why is the EC speeding up reform and what are the potential risks?

There was speculation that because financial percentage of aid managed by EC will fall sharply³⁴, therefore EC needs a different “political role”. The EC is possibly looking to find a role as a knowledge pioneering institution. Also the EC is trying to address its decreasing percentage of aid management by establishing co-financing mechanisms, trying to encourage Member States to channel increasing aid resources through the EC’s administration structure. It is also seen as a way to ease the capacity of Member States to keep their commitment to raise substantially their ODA share.

It is clear that the EC sees this is a crucial period, but is taking huge risks, as it could be wrong in the direction it is taking and faces the potential danger of becoming delegitimized. So while plenty of reforms are happening, this is not really being properly communicated, by the EC itself and in the case of Italy, neither by the press nor the

34 Due to the commitment of Member States to increase their aid level in the next years, and the fact that the EC has already committed its ODA share in the financial perspective (until 2013) , there is a strong chance that the share of EC ODA will decrease over the next year in the overall EU ODA.

government. Stakeholders are not being engaged in the process of change and this represents a huge risk for the success of any reforms in tackling poverty effectively.

Role of EC/EU in pressuring Italy to reform.

Next year there will be a DAC peer review of Italian ODA. Participants expressed the view that the results would be exactly the same as the previous 2 peer reviews which recommendations have not yet been implemented. There needs to be a fundamental reform of Italian development cooperation. This must happen immediately before Italy can play its full role in EU development policy and aid effectiveness.

From the Italian perspective, the EC is seen by many as a safety net or refuge. Participants commented that this is very different from the Northern European perspective which often sees EC as a break on policy innovation.

Some participants commented that the current pace of reform and constant pressure to increase and improve could lead to a 2-tier Europe for development cooperation. If the bar is raised too high, then it sets impossible goals for the Italian cooperation and the government will simply disengage. This is clearly a risk in terms of achieving effective EU development cooperation and should be taken into account when preparing the EU position for the High level Forum in Accra.

Is the EC really expecting too much in the Italian context? Participants described a situation where they have no information about Italian Government strategies, policies or positions in relation to EU Development Cooperation. Their requests for information and lobby letters to Italian government go unanswered.

Everyone acknowledges that that Italy aid quantity is below the EU targets, there is a need to take opportunity to improve quality if quantity is lacking. New ideas behind new aid: partnership and dialogue still need to be embedded in mentalities in the political and citizens' perspective. Quantity is seen as more difficult to achieve than quality. Can Accra be used by CSOs as a pressure point? It will be up to CSOs to bring pressure, as it won't come from anywhere else. Italian CSOs made a plea for more information about the Italian positions in EU negotiations on ODA and aid effectiveness. They wonder if there is a strategy within these EU fora or if Italian decision is more sporadic, or perhaps incoherent etc. If CSOs are not informed they cannot engage effectively to put pressure on the Italian government to deliver.

There is a feeling that effective institutions managing development cooperation are lacking in Italy. Participants wondered what role the EC could play in supporting the sharing of models and successful systems like AfD in France as they believe that the set up of an Aid Agency is needed in Italy. Besides, there was a generally supportive atmosphere for more Italian Aid to go through the EC system.

Some participants felt however that the change in Italian government, may not block the process of institutional reform. Some centre right party members have included in their electoral statements the commitment to reform the structure of the Italian state to become more cost effective and accountable. This may offer an opportunity for EU to pressure for more accountability in managing development cooperation. In this context it was felt that the EU should insist on the compatibility of Italian cooperation with the EU Development Consensus. Results must be evaluated in terms of impact on poverty. The Italian government needs a clear strategy for its own aid programmes as well as its aid channelled through the EU and the UN systems. Around 30% of Italian aid is through EC budget and EDF. There is a need to decide what EC competences and Italian (and Member State) competences are, in order to avoid engaging in a default strategy. It is not good enough to just delegate to European level. Delegating more competences to the EU also contribute to dilute the accountability and makes it even more difficult to communicate on the impact of Italian ODA to the citizens.

Participants called for increased engagement by the Development NGO community in the present discussions on the reform of the European budget. The EC has issued a paper for consultation and the whole process goes on till the end of 2008. The reform will look at resources and money spent.

Institutional Architecture, the Lisbon Treaty and Common External Action Service

Deconcentration has great potential. However are the policy ideas and practice really deconcentrated? Financial rules are deconcentrated, skills and experience is not. From field level there is a huge frustration caused by the gap between HQs policies and Delegations implementation. Another perception at field level is of EC as another donor among many, not as a coordinator and federator. It was felt that the division of tasks between different parts of the EC at Head Quarters level fuelled confusion, incoherence and ineffectiveness cf. EPA negotiation or different approaches in different geographies.

Participants felt that the Lisbon Treaty could improve the situation although some felt that it would not be as good as having a constitution. Some suggested the Lisbon Treaty risks linking foreign policy too closely to development cooperation. This lack of distinction could lead to the subordination of poverty objectives to foreign policy goals.

The Lisbon Treaty could set clear mandate and accountability lines. However, there is a risk to loose responsible Development Commissioners, and have a more powerful Foreign Minister. Some participants also expressed the fact that the Commission might not need any longer to consult CSOs to better legitimize its actions. Again, Italian experience has shown that the result of this approach is that Development policy becomes subordinate to foreign policy.

Coherence

Coherence and policy implementation is a huge issue, which is startling from the field level. Policies might look good on paper, but from field perspective it is immediately obvious that policies and programmes are incoherent and inconsistent. The example of humanitarian transition to development was quoted as one that does not happen to be effectively managed.

Besides, there is a clear and obvious clash between the trade policies being pursued by the EC and stated aid effectiveness goals. On trade or agriculture etc. some policy objectives are exactly opposite of what is needed for development. The incoherence between trade (or other policies) and aid undermines sustainable development policies and therefore the EU development consensus.

The role of the European Investment Bank (EIB) was also raised critically by participants. EIB is involved with €6 billion Loans per year which are loans outside Europe and are therefore also supposed to support EU development cooperation. However, there is no mechanism for the European Parliament to control EIB spending and loans against EU Development Cooperation Objectives and policies. Even though EIB gets the main share of its money is from the market, some money comes from the European Commission. Its shareholders include the EU MS and the EC which sits on the board and should therefore be able to advocate and supervise the use of some of the loans for development purposes.

Some participants also reminded the fact that aid should go to poor countries and people first. However there is clearly a political dimension to the external policies of the EU, and it is obvious that Mediterranean and neighbourhood policies are important. These should not be put at the core of development policies or objectives however.

Accountability and Communication and Public awareness about development cooperation

Overall participants felt that there is generally speaking a lack of information about EC aid. There is certainly a lack of understanding or visibility of EC in contrast with WB and DAC. EC is a kind of invisible donor in that respect. There is a deficit in terms of the EC's visibility in aid/global policy setting. Why is that ?

Europe is a matter of fact. It doesn't always have a very cohesive vision and therefore is not able to communicate it. Nonetheless the EU is a political construction that would like to assert itself internationally. What kind of Europe do we want, what EU in the world and what space is conceded by the Member States to deliver that vision? It is always difficult to communicate about Europe in the Member States. Participants agreed that general issues about Europe are very hard to get across in Italy including the issues about the place of Europe in the world etc. For example, reference was made to a recent meeting organised by the EC DG Dev with EU Member States on how to communicate about (decreasing) ODA levels. However, the Member States clearly do not communicate about EU aid: only about national ODA. Therefore it is left to the EC in Brussels to do that communication work.

As this was the day following the national general elections, there was also some discussion of the role of development cooperation in the election campaign in Italy. A new poll shows that 62% of Italians are prepared to pay higher tax to invest more in development cooperation, but this is not emerging in the national debates, due to bottlenecks and different priorities in the media agenda. Italy needs to feel pressure from the EU to build national level support. For this, people must be given a clearer sense of what EU development cooperation is doing. Participants felt that the EU should support a "Democratic transmission of the will to support development cooperation".

Accountability is a huge problem for the EC: the main issue was described as the fact there are many masters and mistresses. The EC is under a very heavy system of scrutiny with a variety of actors which do not expect the time type of accountability and do not have the same agenda (NGOs, Member States, European institutions, and even the media).

Interesting example

The EC representation in Rome has structured dialogue with CSOs in Italy on range of issues. It was expressed that the EC in Brussels just consults the EU level organisations and not the full range of national organisations whereas it is important to decentralise the consultation. They think these can bring interesting contribution to European debates (also through the regional and local level) National contact group of EU Institutions and dialogue with CSOs. Priorities for 2008 is Development Cooperation . They are organising and co-organising round tables on issues: e.g. Latin America, also one event inviting politicians and Manservisi and CSOs to create a debate.

Roundtable with EU MEPs. Brussels, 17 April 2008

Summary: *The roundtable took place in Brussels on the 17 April hosting Members of the European Parliament and Concord. Discussions centered around the impact of new aid modalities and new forms of political dialogue, the EP position towards the EU coordination (ex on division of labour and the improvement of mutual (multiple) accountability in practice.*

It was noted that the EC has a deficit in communication (mechanisms and skills) in order to engage fully with stakeholders, not only with civil society organizations but also with EU Member States and the EP. This results in a lack of trust towards the EC development cooperation., This leads to a certain lack of clarity in discussions on new aid modality or practise (ex. the MDG contracts, the Division of Labour) and does not help to reach a common European position for the High Level Forum on Aid effectiveness in Accra. It eventually generates misunderstandings and undermines confidence in the EC as a donor and as a “developer of development policies”.

On the DoL, the EC’s argument that it can solve the problem of orphan countries was found debatable: the DoL might also result in creating orphan sectors, and so far there are no evaluations either positive or negative of DoL pilot experiences. Besides a recurring topic of concern reported by the stakeholders from the South is the avoiding of additional layers of coordination.

It was also noticed that CSOs (at least a number of umbrella NGOs) seem to be much more in favor of BS than Members of European Parliament (MEP), keeping in mind the importance of combining it with all kind of support to national systems of democratic (not only parliamentary) scrutiny. The major concern about BS was found to be linked to IMF conditionality. A number of participants emphasized the fact that discussion on BS should not prevent the EC to deal with the issue of TA as it absorbs a lot of ODA money and that the use of expertise from the partner countries could be used more systematically.

Introduction

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The consultation process moved ahead with the organization of an informal discussion meeting at the European Parliament on Thursday 17 April 2008. This roundtable gathered MEP Anne van Lancker, co-rapporteur of a report on MDGs to the EU-ACP Joint Parliamentary Assembly, and the assistants of MEPs Johan Van Hecke and Luisa Morgantini, respectively rapporteur and shadow rapporteur of a report on aid to the European Parliament, as well as the assistant of MEP Maria Martens. Two members of the Secretariat of Concord, the European platform of development NGOs, participated to the meeting.

The meeting started with a welcome introduction by Joanna Maycock (ActionAid International), followed by a presentation of the WECA background, objectives and key emerging issues identified in the Discussion Note³⁵ and from previous workshops by Gwénaëlle Corre (ECDPM). This led to an informal and interesting exchange of views between the participants. This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

The purpose of this roundtable was to present the outcomes of the WECA project so far to the participants and to have an exchange of views on EC aid and role in development cooperation, eventually with a view to provide inputs in the finalization process of the reports on aid and MDGs respectively to the Committee on Development of the European Parliament and to the EU-ACP Joint Parliamentary Assembly.

35 The discussion note is available on: <http://weca-ecaid.eu/2007/01/23/draft-initial-discussion-note/>

Several arising issues framed the discussion:

- the common European position in Accra and the concerns of the EC partners;
- the impact of new aid modalities and new forms of political dialogue;
- the EP position towards the EU coordination (ex on division of labour);
- the improvement of mutual (multiple) accountability in practice.

The participants from Concord seized the opportunity of this meeting to present the Aid Watch initiative and to give feedbacks on the CSOs response to the EC Communication package on MDGs, financing for development, aid effectiveness, aid for trade and policy coherence, which was issued the week before.

Key emerging issues

The EC lack of communication and transparency

The EC is seen as a weak communicator and this lack of communication impedes the visibility of EC aid. Even at EP level, it is sometimes difficult to understand the objectives of EC development policies. The EC has a deficit in communication mechanisms and skills to engage with stakeholders, not only with civil society organizations but also with EU Member States and the EP. This results in a lack of trust towards the EC development cooperation, as it is reflected in the way civil society organizations in ACP countries view the EC: a good donor, but whose real motives are unclear if not incoherent (i.e. with other EC policies in areas like trade).

This leads to a certain lack of clarity in the current discussions on the **MDG contracts**, the **Division of Labour** (DoL) and **cofinancing**, the new instruments the EC intends to flag in Accra. The objectives and technicalities of these ‘new’ modalities which are being discussed at EU level remain unclear, and the EC’s failure to answer stakeholders’ concerns generates misunderstandings and undermines confidence in the EC as a donor and as a “developer of development policies”. EU Member States are rather positive on the MDG contracts (although strong opposition is being expressed by some, including Sweden, Belgium, Italy and Germany), but they lack trust in the EC to be able to reach a consensus at EU level. On the DoL, the EC’s argument that it can solve the problem of orphan countries is debatable; the DoL might also result in creating orphan sectors, and so far there are no evaluations either positive or negative of DoL pilot experiences. The EC is still lacking methodology and communication skills to federate an EU position on these various propositions before Accra.

At a recent meeting at DG Dev, the EC encouraged civil society organizations to lobby in favor of the EC package towards EU Member States, and especially to advocate in favor of the MDG contracts, which are criticized by several Member States (although for different reasons).

The lack of trust in the EC is also the consequence of its incoherent policy-mix. Referring to the language used in the Lisbon Treaty, participants agreed that it should increase policy coherence in favor of better coherence of EU development aid.

The EC has to find the right balance between the technical and the political level

Several stakeholders interviewed during the consultation phase of WECA emphasized that the EC usually manages to reach a consensus on political issues by pushing them at the technical level. However several participants in the roundtable mentioned that when it comes to the implementation, the EC is confronted to obstructive attitudes from Member States. That is exactly what is happening with the DoL and MDG contracts 'EC-made' concepts.

Issues missing in the EC Communications package (on Aid and the MGDs)

Participants mentioned that it is an interesting package with good figures but that some important points are missing such as: transparency, the issue of aid conditionality and an emphasis on policy-mix coherence (trade-related impact on development cooperation policies and objectives).

The language used in the Communications should be refined to better reflex the EC's commitment to transparency, openness, and democratic ownership, and introduce more emphasis on gender equality progress.

Aid Watch report

The third Aid Watch report is to be issued on the 22nd of May. It is looking at quantity and quality of aid and scrutinizes each Member States development aid.

It was presented as being an effective lobbying tool; it is to be used to put key issues on the upcoming General Affairs & External Relations Council (GAERC) agenda in June.

The launch report will be followed by advocacy events at national level and lobbying activities before the EU Summit in June to ensure pressure on EU donors. This report will also serve as an advocacy tool to frame the discussions for the finalization of the menu of options within the Accra agenda for action. Main messages are about the problem of shadow aid (i.e. related to the issue of debt cancellation), transparency and accountability.

Issues for further discussion

Issues/CSOs positions that could be reflected in the EP reports on aid and the MDGs

Budget Support

- It was noticed that, curiously, CSOs (at least a number of important NGOs) seem to be much more in favor of BS than MEPs. BS provides a lot of good answers for greater aid effectiveness (increased predictability, shift from donors to domestic accountability, etc.) but it should be combined with all kind of support to national systems of democratic (not only parliamentary) scrutiny. The major concern is about BS being linked to IMF conditionality. Another concern is that BS gives donors access to information on the entire budget of a recipient country.
- According to participants EU Member States have different views on BS. The UK positive approach on BS is based on the argument that, although it is still difficult to evaluate the impact of BS, especially on MDGs, it is not proved to be worse than any other aid modality.
- Overall, BS works when there is a strong, nationally-owned and credible (MDG-oriented) poverty reduction strategy and capacities for parliamentary and CSOs budget scrutiny.
- Recommendations to build capacities of local parliaments/CSOs for BS scrutiny and assessment should be proposed in Accra (percentage of BS allocated to monitoring and assessment capacities, etc.).

Technical assistance

TA represents much more money than the amounts channeled through BS: one figure quoted by participants was that TA amounts for 25% of global aid. As a matter of fact, attention should be more focused on TA than on budget support. On this specific issue, an idea that came up during the consultation process is to strengthen expertise

capacities in developing countries by recruiting experts for TA programmes in the region of the recipient country. This would reinforce the understanding of regional dynamics of the experts responsible for implementing TA programmes, instead of relying exclusively on experts from donor countries. TA should involve as much as possible local expertise.

Untied aid is about access to opportunities

The condition for aid to be effectively untied is to give access to local actors/companies to the business opportunities offered by development aid. Legal definitions are not sufficient to ensure that untied aid benefits in practice to local markets.

MDG contracts

- The EC mentions MDG contracts in its package of Communications as the response for aid effectiveness issue, but it is still unclear what is concretely proposed. There is a need for more transparency from the EC about what are the objectives and technicalities of the MDG contracts (in terms of eligibility indicators, conditionality). Participants emphasized the fact that the main challenge with regards to the MDG contracts is to place the partners government in the driver seat.
- They also highlight the risks that the MDG would come with extra conditionality (donor's scrutiny over the recipient State's budget) and would not be accompanied by measures supporting absorption capacity when necessary.
- EC aid has been focusing on poorest countries (LDCs and Fragile States). Now, with the MDG contracts, the attention seems to be brought on well-performing countries (i.e. with efficient and transparent Public Financial Management systems, existing good governance indicators, domestic accountability frameworks, etc). The question was raised whether there is a shift and, if so, what are the consequences.
- Besides, participants recognized that the MDG contracts could lead to massive problems for accountability unless it is accepted, both by the donor and the partner countries to share the risks in a climate of trust.

DoL / lead in sectors

- Avoiding additional layers of coordination has been consistently reported by stakeholders from the South as a very important issue. Donors' coordination should not only bind European donors. In this regard, the EU should not replicate a coordination format if it already exists among the larger group of donors in a partner country;

it should not be a problem for non-EU donors to lead the coordination in certain sectors where they have a comparative advantage and if the coordination frameworks already exist.

- Sector/country focus is a political and sensitive issue as it is based on the possibility for a Member State to have to withdraw from a sector/country. It will ultimately require difficult decisions by national parliaments. The position of France, which will take the Presidency of the EU by July, is not certain at the moment.
- The position of the EP is quite positive on DoL, but insists that: decisions must be taken at country level; partner countries must have their say in the repartition of the sector leads; local governments should be chairing the sector coordination meetings (the example of Cambodia was cited).
- Experience of coordinating the aid at sector level is piloted in 10 countries and the EC would like to extend it to other partner countries but is confronted to EU Member States' reluctance.
- Partner countries are concerned that DoL would lead to less aid to donor darlings. Most importantly, partner countries are concerned about the lack of alignment. Even though they are not opposed a priori to increased coordination and division of labour, they want to be reassured that DoL will not be implemented without their full involvement and in accordance with national strategies and systems of accountability.
- Finally, taking the lead in a sector should be implemented on a case-by-case basis and it is not evident that European sector leaders are needed in every partner country.

Roundtable in Denmark. Copenhagen, 21 April 2008

***Summary:** A roundtable was held at DanChurchAid in Copenhagen, Denmark on 21 April 2008. Participants included members of the Danish International Development Agency (DANIDA), the European Commission, the Danish International Studies Institute as well as from Civil Society Organisations such as the Danish-EU NGO platform and DanChurchAid, one of the major Danish humanitarian non governmental organisations in Denmark.*

After an introduction by Morten Emil Hansen to the main expectations of the workshop and a presentation of the WECA project, participants engaged in discussions on various issues.

The Division of Labor was mentioned as a window of opportunity to strengthen the EC aid effectiveness, but concerns were raised regarding the leadership of the EC and the lack of space for the participation of European NGOs in the debate and policy dialogue.

Denmark still only makes little use of Budget Support so far and there is some resistance due to the decline of donor visibility.

Concerning the Lisbon Treaty, the discussion started with the democratic deficit within the EU, based namely on the inability of the European Commission to criticize or direct Member States. Nevertheless, positive changes in the Lisbon Treaty were underlined such as the fact that the EC assistance is not anymore complementary to Member States, but on the contrary, both actors will have to cooperate.

Some participants regarded a strengthening of Parliaments' participation as one possible solution in order to achieve ownership in practice. The Joint ACP-EU Parliamentary Assembly was also perceived as an interesting example providing a basis to further develop.

The participants expressed their interest in the outcome of the WECA project and offered their views on the future of the process.

Introduction

'Whither EC Aid' (WECA) is an independent, joint ECDPM-ActionAid project that aims to contribute to a broader-based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalization of an initial Discussion Note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. After a number of roundtables in Europe and in the South, the consultation process has moved ahead with the organization of a new roundtable in Denmark, co-organised with DanChurchAid.

The meeting started with a brief introduction by Morten Emil Hansen (DanChurchAid) to the objectives and expectations of the workshop. It was followed by a presentation by Gwénaëlle Corre (ECDPM) of the WECA background, objectives, process and key emerging issues as identified in the Discussion Note and at previous workshops. This led to an interesting exchange of views between the participants. The discussion was facilitated by Joanna Maycock (Action Aid). This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

Objectives of the roundtable

The purpose of this roundtable was:

1. To inform participants about the WECA process and to introduce the main findings from the project's first phase and on-going second phase.
2. To get the participants' opinion on the debate on EC aid effectiveness in general, and on the following questions more particularly:
 - How should the EC combine its coordinating function with those of a leading reformer and a policy facilitator?
 - Consequently, how best can an effective division of labour within the EU be achieved?
 - How will the Lisbon Treaty affect the EC aid effectiveness?
 - From Paris to Accra and beyond: which key aid effectiveness targets should become the EC's priorities, and what does this mean for Denmark in the EU context?

Key emerging issues

Division of Labour

The DoL issue, together with the implementation of the European Code of Conduct, was one of the main points discussed. Consensus was reached on the fact that the division of labour should start at the level of the recipient countries amongst EU donors before including other donors, and not be initiated in 'Brussels'. The starting point should be the national strategy of the partner countries rather than some earmarking towards countries or sectors. In addition, accountability links between the EC and EU citizens are weaker than at the level of the MS. If the DoL was based on the partners' strategy and facilitated by the EC, the process would focus more on the accountability between the partner government and its people. It would decrease the European pressure on the EC: the success of the BS would be assessed in the light of the success of the national policy of the partner.

However, some participants expressed their concern that the EC would become a lead donor everywhere and that there was still some misunderstanding as to who would be entrusted with the coordination role.

As a participant put it, 'we need to show a common interest to move together'. Sometimes the EC tries to facilitate this process but is not always allowed by the MS to do so. Besides, in practice, the EC, when in the leading position, should avoid that its own set of conditionality, in addition to those imposed by the other donors, results in an increased burden for the government and administration of the partner countries. Some participants feared that the partner countries were marginalised in this process and that there was very little space for the participation of European NGOs in the debate and policy dialogue. There is some concern that the division of labour could be a way to decrease the investment in social sectors.

Even though the initiative of the Code of conduct has generally been welcomed, participants argue that the EU still displays rather contradictory positions in international fora such as the DAC. The division of labour will remain a theoretical concept unless there is a concrete behavioral change of the actors involved in the process. Trust is a crucial element and the adoption of new rules facilitating co-financing between MS and the EC (in EDF 10 and EC budget procedures) is possibly an important step forward in this regard.

In this context, participants indicated that the Paris Declaration will imply further Division of Labour and that the Code of Conduct is an interesting path to follow.. During the debate, it was mentioned that it would be wrong to look at the DoL without addressing the issue of BS. As a radical change, some participants even proposed to concentrate and pull all resources through BS at EU level and to empower the EC to coordinate it while phasing out from other sectors.

Budget support

Different reasons justify the use of BS: it avoids the duplication of transaction costs in comparison to project management (capacity costs for the donor to implement and then for the recipient to take over); it offers the right incentive for partner countries to invest more in capacity building; and it reduces the financial fragmentation of aid. What is needed however is the development of the capacity and instruments to measure progress, to elaborate impact statistics, and to support monitoring of BS. Budget support could also lead to a more natural coordination role of the EC. The EU needs to invest in awareness-raising measures to make sure there is a good understanding of what the implications are, both on the donor and on the recipient side. Some participants mentioned that partner countries generally support such measures, but that building adequate capacity in practise is a long process.

Within the EU, there is still some resistance in engaging in BS especially due to the idea that donor visibility would decline. For this reason, it is particularly important to communicate cases of good practises and highlight the fact that BS permits a higher scrutiny since it is discussed in Parliament – as long as a satisfactory local accountability system is in place. The case of Denmark – still very shy in terms of BS commitments (less than 7% of ODA) – underlines the importance to move forward in terms of development education to make sure the public opinion understands the core of development. It would be very valuable in this regard to learn more about the EC experience in providing BS.

However, BS should not be used for the wrong reason, i.e. as a way to increase ODA disbursement rates. Choosing to engage in BS implies that a certain monitoring capacity is in place. Some participants indicated that BS should not be used unless the necessary resources are available to ensure an adequate follow up, and to trace the impact of BS on qualitative development. It is important to make sure that the conditions are met to make it work. This implies transparency and accountability, with a clear exit strategy in the case of a poor governance.

The Lisbon Treaty and future perspectives for development

The discussion started with a reflection on the democratic deficit within the EU as being a great threat for the European integration process, and as having consequences on development cooperation. According to some participants, this deficit is mostly based on the inability of the Council of Ministers (CM) to decide, rather than the on the EC's inability to perform. Besides, even the policy frameworks commonly agreed to are not used in MS national policy dialogue. In broad terms, the EC does not have a mandate to criticise or direct the MS: it is all one way with comitology. There is nothing in the new Treaty to give the EC a clear new mandate. Positive changes in the Lisbon Treaty were underlined such as the fact that the EC assistance is not complementary to the one of the MS anymore: both actors will have to cooperate.

A number of questions about the configuration of management of aid were raised: will there be a Commissioner for Development cooperation? How should the external service support the EC? Where would the management structure be? The Head of the EU Delegations could fall under the EEAS, but then who would head development issues in the Delegations?

Most participants felt that there were many ideas for a new setting but there was very little discussion as the full political aspects of the reform were not understood. They also underlined that the only way to move forward was to strengthen a partner-government driven approach.

The EC as a donor and its added value

The EC can add value in the policy dialogue, in connection with budget support and with PCD. Participants indicated that if the EC was focusing more on its facilitation role at country level it would contribute to balance the feeling of arrogance that is perceived at times.

The partnership characteristics of the ACP-EU agreement were emphasised but the fact that the EDF still remained separated from the general budget was perceived as an anomaly.

In a more radical way, the question of the very existence of an EC development cooperation was raised: what is really the interest of the 27 MS for the EC to act as a bilateral donor? In order to justify this additional bilateral cooperation, there has to be

a specific vision for development and some participants feared that the Lisbon Treaty and the EEAS would not help but, on the contrary, politically instrumentalise development cooperation even more. All in all, the debate concluded that the way ahead was probably for the EC to focus more on policy coordination, and less on funding.

Besides, the EC can be empowered to facilitate the elaboration of a common European position on development related matters at the international level to try to deliver on the EU vision. To illustrate this point, participants mentioned the role of the EC to remind on the MS to deliver on their financing commitment. The EU's ODA is not on the rise, but on the decline: the EC, including the Development Commissioner, plays the right role when calling upon MS to meet their targets.

The historical perspective on the evolution of the EC development structure showed that it was built around building blocks rather than as one coherent system from the start (from the Overseas Countries and Territories (OCTs) and former French colonies with the EDF, to the MEDA programme after the EU enlargement towards the South, etc.) This set-up directly affects the EC's added value because, even if locally the EC is speaking as one (with the Presidency etc.), it remains rather problematic when it comes to funding due to diverging MS interests.

The challenges of implementation, the practice of accountability and ownership

One of the main problems with the Paris Declaration is that it may not enhance the ownership of partner countries. Even though it has given a new impulse to improve coordination and division of labour at the EU level, it is also quite difficult for beneficiary government to engage in the policy dialogue.

The history of the EU is about enlargement and improving conditions in new MS and this constitutes the vision to support partner countries in their own development. However the incentives are very different because there was a good tax base in Europe, unlike in developing countries. Some participants felt that the EU's cooperation system did not take into consideration the right incentives for internal change in partner countries, even though the two-way commitment process of the EU-Africa Strategy was quoted as an interesting initiative to promote ownership.

The question of ownership was brought together with the issue of BS with the following central question: how do you link ownership to BS? It is in fine up to the

consultation between the partner and the donor to define it through policy dialogue but it was noted that it remains difficult for some donors to entrust the partners democratic system to fully function. It was also noted that, when the EC will become a bigger player on BS, the EU will get a more meaningful role in helping the countries in their dialogue with the IMF and with the World Bank.

The true measure of our partnership is whether or not we accept to change the content of the cooperation strategy according to the needs and request of the partner country. Some participants regretted that the role parliaments are given is very weak and they insisted for their role to be improved in our aid strategy in order to foster ownership. The Joint ACP-EU Parliamentary Assembly was perceived as an interesting example providing fertile ground to work on.

Another way to improve ownership is to provide the partners with a higher predictability of aid and to minimize the risk of 'in and out' policy. Ensuring a foreseeable horizon in terms of support was highlighted as a crucial element to foster ownership at country level.

In terms of accountability the participants emphasised the role of the donor community, of the civil society organisations and of the international NGOs in making public the contribution of the donor community so as to encourage local public accountability. By sharing information and raising awareness, the EU would encourage transparency and accountability between the partner governments and their people.

Issues for further discussion

- The participants welcomed the WECA initiative. Denmark is part of the DAC Peer Review mechanism and of the MOPAN³⁶ process. In this context, the WECA project is useful and participants expressed their wish to see more work on EC aid effectiveness.

³⁶ Austria, Canada, Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

Roundtable in Gambia. Banjul, 28-29 April 2008

Summary: *This two-day workshop was co-organized by ActionAid The Gambia (AATG), ECDPM and the ActionAid EU Office. The first day agenda intended to raise sensitization of national CSOs on the Paris Declaration, the EU position on aid effectiveness, and the Accra process. AATG provided feedbacks on the Southern CSOs' views on the Accra consultative process piloted by the OECD/DAC. The second day agenda focused on the EC development cooperation in The Gambia, with presentations made by representatives from the EC Delegation in Banjul and from the National Authorizing Officer (Ministry of Finance). The WECA project – process and outcomes – was presented. A discussion followed.*

This seminar proved to be very educative for national CSOs, which actively participated in the discussion, while giving the opportunity to DFID and the EC Delegation representatives to answer questions about a lot of issues (NSA support opportunities, the issue of mutual accountability, community ownership...)

Several outcomes are expected from this workshop, in terms of CSO coordination and capacity to engage with the other stakeholders of EU development aid at country level.

Introduction

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The consultation process moved ahead with the organization of a third workshop in a Southern partner country, in Banjul, The Gambia, on the 28 and 29th of April. This workshop gathered a wide range of representatives from CSOs, as well as a EU

Member States representative (DFID Country Manager), the EC Delegation to the Gambia, and the National Authorizing Officer (Ministry of Finance).

Objectives of the roundtable

The purpose of this workshop was to raise awareness of Gambian CSOs about the global agenda on Aid Effectiveness. The objective was also to present the outcomes of the WECA project so far to the participants and to create space for dialogue and exchange of views between CSOs and EU donor's representatives on EC/EU role in development cooperation in The Gambia. Several arising issues framed the discussion:

- What should be the EU position in Accra, and how can the EC take on-board its partner concerns?
- How can the new modalities (ex. Budget support) and new forms of political dialogue improve impact of development aid?
- What is the position of The Gambia towards the EU coordination (ex. on Division of labour)?
- How do participants assess partnership and ownership in practice?

CSO participants seized the opportunity offered by this workshop to reflect about how they should better coordinate at national level.

The workshop started with opening remarks by Lamin Nyangado (AATG) and Gwénaëlle Corre (ECDPM), followed by an official opening by the AATG Country Director (Dr. Kujejatou Manneh-Jallow). A discussion followed the three presentations, on the Paris Declaration (by Gwénaëlle Corre), on the participation of CSOs in the consultative process conducted by the OECD/DAC (by Lamin Nyangado), and on the EC position towards Accra (by Romain Philippe).

The agenda on the second day focused on the EC/EU cooperation in The Gambia, with the participation of DFID and the EC delegation. An open and fruitful exchange of views between the participants followed the presentation by Gwénaëlle Corre of the objectives and key emerging issues identified in the framework of the WECA project, from the Discussion Note³⁷ and previous workshops. This report provides an overview of the workshop's objectives, the main issues discussed and a list of participants.

37 The discussion note is available on: <http://weca-ecaid.eu/2007/01/23/draft-initial-discussion-note/>

Key emerging issues

1st part of the workshop: national CSOs sensitization on the Paris Declaration and the Accra process

During the discussion which followed the different presentations, the following issues were raised:

How Southern CSOs should/could input on the aid effectiveness agenda at national level?

- The government of The Gambia issued a national strategy on the implementation of the Paris Declaration and its position towards Accra the week before the workshop. The domestication at country level of the Paris Declaration and its Principles poses potentially some problems (each country develop its own action plan and indicators, which differ from a country to another, etc.)
- It is the responsibility of the national CSOs to be informed about governmental processes. In their country. CSOs should take the initiative to get the information and to engage in a dialogue with the national authorities in order to raise their points on the aid effectiveness agenda. To this end, CSOs should deepen coordination among them (better pass on key information). Implication of CSOs at national level is sometimes lacking. When we talk about ownership, we should not forget that CSOs have their own responsibility to take up their role and get involved.
- CSOs are frustrated that they face high expectations (play their advocacy role) but get little support, not only financial support but also technical and knowledge backup. CSOs are lacking sensitization on these issues. TANGO emphasized that the support from the World Bank is expected. On the other hand, CSOs present claimed for deeper information sharing (circulation of relevant documents, etc.)
- In this regard, the workshop proved to be useful as it brought together a rather wide range of national CSOs and open space for further debate. The national NGO platform, Gambia's Network for National and International NGO's (TANGO), was asked to play its coordination role. All CSO participants agreed that this workshop should mark the beginning of a process that should lead to the formalization of a broad and stable coordination and voicing mechanism.

CSOs coordination

- There is a need to find the best way to lead a process on the aid effectiveness agenda, either a Task Force, or a facilitator.
- TANGO, the national CSP platform, has a low profile and lacks capacity to take on its role. Participants agreed that the Social Forum could also play a coordination role and lead a consultative and advocacy process at national level. It could be one channel worth to use (the Social Forum (SF) did an interesting work engaging the government and parliamentarians on EPAs).
- Further reflection is needed but this workshop should be the first step toward

How CSOs assess mutual accountability?

- Donors should have direct access to the beneficiary communities to avoid corruption.
- CSOs claiming for accountability of donors and governments should make sure that they are accountable themselves to their beneficiary community and donors (ensure transparency and management for results, etc.) CSOs have to adopt internally good practices for accountability.

2nd part of the workshop: the EC development cooperation in The Gambia and presentation of the WECA project

ECDPM welcomed the participants and introduced the objectives of the second day: after having set the international scene (presentation of the Paris Declaration and the road to Accra). The workshop moved ahead with a more 'euro-focused' agenda: presentation of the EC/EU development cooperation in The Gambia and discussion on EC aid effectiveness.

1. The Programme Officer at the EC Delegation presented the EC development support to The Gambia – 9th and 10th EDF priorities and figures – at national and regional level (the cooperation at ACP level – through the European Development Bank – and via Thematic Budget Lines were tackled in the presentation).
 - Under the 9th EDF: the focal sectors at national level were infrastructures (support to the national infrastructure plan and to the national road fund), rural development (water supply, etc.), capacity-building (support to the National Authorising Officer (NAO), etc.), and support to non-state actors. At regional level, the priorities were regional economic and trade integration, and transport facilitation.
 - On the latter, a programme of €2.5 million has been approved in December '07

and is about to start. The programme will increase NSA capacity-building, support small-scaled projects (on democratization, gender, poverty reduction...), increase the coordination among NSA and develop their access to information. Several programmes under the 9th EDF are still ongoing.

- Under the 10th EDF: the Country Strategy Paper and National Indicative Plan (CSP-NIP) have been signed between the EC and the government of The Gambia in December '07 for an amount of €76 million (+44%). The priorities identified with the government are: infrastructures (renewed support to the national road fund), economic and political governance (Judiciary, trade reform, local governance), and capacity-building (support to NSA, NAO, etc.)

2. The representative of the National Authorizing Officer introduced the Gambian perspective of the EC development cooperation and the key lessons of the partnership with the EC Delegation:

- The institutional framework, funding instruments, delivery mechanisms and implementation modalities were broadly introduced.
- The important role of CSOs in the institutional framework (the ACP-EU Partnership Agreement 2000) is recognized: they are not only recipient of development aid; they are given space for consultation and are dedicated a specific budget line ("NSA Programme Support").
- Aid delivery is mainly through project approach, although part of the aid under the 10th EDF will be channeled through Budget Support (€35 million, including Sector Budget Support and capacity-building of Public Financial Management frameworks). Figures show that there is a huge gap between indicative allocations (€54.5 million under the 9th EDF), amounts committed (€40.7 million) and disbursements (€6.9 million).
- Implementation implies joint review of progress (joint accountability principle).
- The EC development cooperation in The Gambia faces several challenges:
 - rising poverty, which raises the question of whether or not donors are having the right approach;
 - shrinking access to the EU market, low EU Foreign Direct Investments (FDIs) in the country, trade deficit with the EU;
 - regional fragmentation (signature of bilateral EPAs with the EU fragilizing regional integration initiatives like ECOWAS);
 - the best development policies for the greater impact on poverty reduction (macro/ local level? sector prioritization?).

A discussion between the participants followed the two presentations. CSO participants seized the opportunity to raise a very wide range of questions to DFID, the EC Delegation and the NAO. The discussion was facilitated by Lamin Nyangado (AATG).

3. The representative of the EC Delegation reviewed the strengths and weaknesses of EC aid and listed a series of challenges affecting it:

- There is a staff issue (lack of training and specialized competencies) which affects the way EC Delegations work. EC cooperation is under high (internal) scrutiny – from the Court of Auditors. It imposes to have strong procedures in place, which can impede timely commitments and disbursements. Political dialogue is weak (not enough decentralized at country level). Relations between ACP countries and regional structures should be strengthened (in the case of The Gambia, relations with ECOWAS).
- On the other hand, the EC is doing well in giving more consideration to capacity-building (increasing use of Budget Support under the 10th EDF), in terms of cofinancing (use of the ‘basket fund’ mechanism to support the national electoral commission, jointly with DFID), alignment with national priorities (CSP drafted with the partner country government and based on the national Poverty Reduction Strategy, PRS).
- The evident limit of EC aid, as far as The Gambia is concerned, is the **gap between indicative allocation and disbursements**.
- The programming process and procedures of the EDF was explained to the participants and clarified the following points: several projects funded under the 9th EDF are still ongoing although the 10th EDF has formally started (commitments were made during the 2002-2007 programming period of the 9th EDF); the funds that are not committed at the end of an EDF cycle are pulled back in the EDF; they are not automatically reallocated to the partner country (this practice has been abandoned after the 9th EDF); low disbursement is mainly due to a absorption capacity problem (understanding of procedures, both at donor and partner country level).

4. DFID, while answering questions raised by the audience, seized the opportunity to present the UK development cooperation to The Gambia:

- DFID cooperation in the country amounts £2-3 million per year, mainly channeled through bilateral systems, but not only. For the record, UK development aid represents 12% of global aid; UK contributes to the EC budget by 17%.
- DFID's objective is to maximize the impact of its aid on poverty reduction (other stakeholders can have different objectives), although in DFID's view, aid is not the only solution to reduce poverty.
- In the context of The Gambia, where there are very few donors represented in the country – most of them are based in Dakar, Senegal – key partners are the EC Delegation and the government.

5. How can CSOs access the NSA Support Programme?

- There is now a specific budget line for non-state actors' support amounting €2.5 million. The programme will aim at building CSOs capacities (organizational set up, information sharing, capacity to undertake advocacy work, etc.)
- It appeared that CSOs representatives participating in the workshop were very much not informed about the opportunities offered by this programme. The application procedures and timeline were explained to the participants (CSOs mapping process, launch of a call for tender and application by CSOs through a Programme Management Unit-PMU, which should be established by July).

Issues for further discussion

- The EC as a donor is moving into the right direction but sometimes lacks resources to be up to its ambitions. In that respect, **low capacity** does not only affect recipient countries; at donor level, capacities are can be lacking.
- The increase of poverty represents a serious challenge for all stakeholders. The link with the **food insecurity** in the country was pointed out by the participants. In The Gambia, women are responsible for a significant part of the food production, but their access to inputs, land in particular, is problematic. A key issue of aid is about targeting the most vulnerable groups. On this particular issue, support through the STABEX fund is about to start. Several interventions are foreseen, including support to association of producers, transporters, etc. However, the EC Delegation acknowledged that it is difficult to reach the grassroots level through this mechanism.

- A participant reported a case where **governance** criteria weakened impact of aid at community level. The proposed MDG contracts would prevent governance issues to impede aid delivery on social sectors.
- DFID called for donor joint field missions and reports. This is the right way to do (M&E), based on identified groups of interested stakeholders by sectors. All stakeholders have an interest to show results and CSOs have a role to play as they are at community level better placed to show the reality on the ground (ex.: education sector). While ensuring **top-down accountability**, CSOs can offer **down-top impact assessments**.
- On way to ensure **mutual accountability** (accountability towards beneficiaries) would be to communicate assessment reports to the beneficiary communities.
- CSOs should be in a position to monitor M&E indicators set up at national level. What support could they claim from the NAO and donors to undertake this role? CSOs have to strengthen their relations with governmental stakeholders, not only with donors. Using this channel, they would be in a position to input in the PRSP elaboration process. There is certainly room for improving impact assessment indicators set up in the national PRSP. The NAO representative insisted on the **CSOs' own responsibility** to organize and coordinate themselves. Meanwhile, CSOs called for a renewed partnership with the NAO.
- While developing on the EDF cooperation mechanism, the issue of the 'budgetisation' of the EDF has been tackled.

Southern consultations/Roundtable at ActionAid EU Office, Brussels. 17, 22, 30 May 2008

***Summary:** The primary objective of this targeted interview process was to gather additional inputs from Southern civil society stakeholders on EC development aid in their respective country. Three interviews have been conducted on the 17th, the 22nd, and the 30th of May with the intent to raise sensitization of local civil society on the Paris Declaration, the EU position on aid effectiveness towards the Accra High-Level Forum, and to get feedbacks about how the EC/EU development cooperation is implemented at country level. The interviews provide feedbacks on a wide range of issues depending on each country's own development aid context.*

These consultations are interesting in terms of Southern perceptions of EC development aid policies and their implementation at country level, while giving the opportunity to interviewees to raise a number of structural and topical issues with regard to development aid in their respective country. In many aspects, the interviewees' perceptions of EC aid are similar – CSOs lack of capacity compared with very demanding EC procedures has been systematically raised. In the context of the global food crisis, the question of how the EC prioritizes its sectors of intervention and how far this prioritization reflects the needs of the country has been raised – Senegal and Cameroon have been experiencing food riots early 2008. Finally, the interviews illustrate that Southern CSOs are taking on their watchdog role and multiplying self-initiatives to monitor and evaluate foreign aid, public budgets, debts, etc.

Introduction

'Whither EC Aid' (WECA) is an independent, joint ActionAid-ECDPM project that aims to contribute to a broad-based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalization of an initial Discussion Note, the project entered a phase of consultations to stimulate further inputs from all stakeholders. In the course of this second phase, a number of roundtables in EU Member States, in the South (Rwanda, Sri Lanka and the Gambia), and at Brussels level (with several EC Directorates-General and at the European Parliament) were held. The consultation process ended up with these final consultations of several

civil society representatives from partner countries (Senegal, Niger and Cameroon) late May.

Objectives of the interview process

The purpose of these consultations was to raise awareness of civil society stakeholders in partner countries about the global agenda on aid effectiveness and the road towards the High-Level Forum in Accra, while introducing the WECA project and getting the participants' views on EC/EU development cooperation in their respective country. The interviews were framed on the basis of the questions used for the interviews conducted during the first phase of the WECA project (see Annex 2 of the report). They have not prevented from an open discussion with the interviewees on wider issues

Each interview started with the presentation by Romain Philippe (ActionAid) of the objectives and key emerging issues identified in the framework of the project and previous workshops, especially the workshops held in Southern countries. This report provides an overview of the main issues discussed and the list of interviewees.

Key emerging issues

1st interview: M. Moussa Faye, Country Director of ActionAid Senegal

The following issues were raised in the course of the interview. The opinions expressed are those of the interviewee.

- **The donor community in Senegal**

The EC is the primary donor. Other major donors are USAID, the World Bank and France (the AFD³⁸).

- **Added-value and weaknesses of EC development aid in Senegal:**

The priorities agreed by the EC Delegation in Dakar focus on areas where the EC is said to have an added-value. Relevantly, the priority areas identified under the 10th

³⁸ Agence française de développement, the French bilateral aid agency.

EDF are social sectors (education and health) and trade and agriculture (development of agricultural productive capacities with a competitive approach). Another added-value of EC development aid in Senegal would be its impact (effectiveness). Transparency is also considered as a strong point of the EC as a donor (access to information regarding funding opportunities).

In terms of weaknesses, aid bureaucratic allocation mechanisms and heavy management and reporting procedures prove to impede a large number of CSOs to access EC funding opportunities. This highlights the issue of Southern CSOs' management capacities of EC (and EU Member States) funds, an issue which has been raised in previous WECA workshops held in the South.

- **Modalities of aid**

Budget support has been increasingly used to channel development aid since the last 2-3 years by donors, including the EC, to the detriment of the project approach. In parallel, the EC is committed to strengthening CSOs' capacities through the non-state actors support programme. Although accessible, the selection criteria are seen as opaque. Under this support programme, the EC Delegation issues calls for proposal. Emigration prevention is an area where the EC is encouraging CSOs to submit project proposals.

- **Ownership and partnership:** one issue affecting ownership is that CSOs are taken at distance of the dialogue between the government and the EC Delegation. Senegalese CSOs are ignorant of the outcomes of the discussions leading to the elaboration of the different programming papers. As a matter of fact, CSOs have few possibilities to influence the prioritization process and they have the impression that this lack of transparency in the definition of priority sectors is, to a certain extent, a means to introduce opaque eligibility criteria and some form of tied aid. In this regard, a government-civil society dialogue framework is lacking.³⁹ Such a dialogue would allow that, while donors align on national strategies, these strategies reflect a comprehensive perception of the challenges by all stakeholders.

The elaboration of the PRSP proved to be not participative enough, the mapping of CSOs allowed to input the process being not transparent. However, several CSOs, under the umbrella of the CONGAD,⁴⁰ have contributed to the process. Efforts have

39 This is an issue that has been highlighted during the WECA roundtable in Banjul, The Gambia.

40 Conseil des ONG d'appui au développement. See: www.congad.sn

been focused on the introduction of social protection provisions for the most vulnerable groups (disabled, elders, women, etc.)

On the contrary, the dialogue between the government and CSOs on trade issues has been ahead since the beginning. CSOs participate in the elaboration of government's positions at the WTO, on EPAs, etc.

Lack of transparency at certain stages of the process is regarded as affecting ownership of the civil society: during the elaboration process of priorities and activities reflected in the EC programming papers (the National Indicative Programme – NIP – and the Country Strategy Paper – CSP) and regarding eligibility conditionality (selection of EC funds recipient organizations). Senegalese CSOs might be critical against EC development aid procedures.

- **Coordination:** it is difficult to separate the aid provided for by different donors in a specific area. For example, there are several important donors in the education sector (the EC, USAID, Japan, the AFD, Canada and the World Bank). How do we make sure that they coordinate? Under the 9th EDF, the EC has been supporting educational infrastructures (construction of schools). So did USAID and Japan, according to the interviewee. In terms of impact however, impressive results have been achieved. The schooling rate increased from 60% in the 1990' to up to 90% today.
- **Conditionalities:** the EC relies on IFIs conditionalities to a certain extent. Impacts of such conditionalities are well-known on the delivery quantity and quality of basic social services.⁴¹
- **A case study:** the education sector
The education sector in Senegal is in crisis. Paradoxically, this sector has been receiving huge amounts of governmental investments (the budget of the Ministry of Education in the national budget has been representing between 3 to 5% of the GDP over the last years) and aid. Despite this, quality of the education system remains far below the regional average. This paradox would originate in the low quantity and quality of the teaching corps, a result of World Bank conditionalities in terms of State's wage bill. These types of conditionalities affect the delivery quality of basic social services like education and health.

⁴³ Also worth noting is that the World Bank has been encouraging the privatization of key national industries (oil manufactures, sugar and tomato processing manufactures, electricity and telephone companies, etc.).

Issues for further discussion

- **Budget support** has been increasingly used as a way to channel development aid since the last 2-3 years by the EC. The donor community in Senegal has been arguing in favor of BS as a way to achieve greater coherence, complementarity and coordination.
- **Aid for Trade:** it is seen as a relevant aid tool, whose final (political) objective is though questionable (used as a negotiation tool in the EPAs negotiations). The interviewee witnessed the EC acknowledging that most of the provisions contained in the 10th EDF are only relevant in the context of the implementation of full EPAs (accompaniment measures). Senegal has been leading the opposition to EPAs, encouraging its partners within ECOWAS to reject the agreement. The issue of the EC policy coherence as indeed been at the center of all the workshops organized during the WECA process.
- In Senegal, the **debt and trade issues** are somehow predominant on the agenda compared with development aid issues (volume and effectiveness of aid). Both issues are closely interlinked: part of aid is future debt (concessional loans, for instance); debt cancellation is counted by certain donors in their ODA. The Senegalese civil society, via the *Forum des Africains alternatifs* (Forum of the alternative Africans) has been working on the link between debt and aid since 2007. ActionAid Senegal within the wider national coalition on debt will launch a citizen audit on debt and aid to insist on the link between these two issues and answer the following questions: Who does what? What is really achieved?

Meanwhile, a group of CSOs is working on the national PRSP of second generation, covering the period 2002-2007. According to what has been agreed with the donor community, development programmes under the PRSP should be financed by debt cancellation.

These two processes show the active role played by the Senegalese civil society in terms of fact findings and aid assessment work. However, these are initiatives from the civil society; comprehensive assessment mechanism of development aid are lacking (they exit at project level).

2nd interview: M. Laoual Allaou, Head of the Eurodad Office in Niamey, Niger

The following issues were raised in the course of the interview. The opinions expressed are those of the interviewee.

- **Added-values** of EC development aid in Niger

The EC is seen as sincerely committed to adapt its policies and practices in line with the Paris Declaration objectives (adoption of budget support targets for example). This is seen as the added-value of EC development aid. Transparency would be another added-value of EC cooperation. In Niamey, the EC Delegation has been holding regular meetings with all stakeholders of aid on its budget support programme for 2009-2011; the meetings were open to the public.

- **Modalities of aid and allocation mechanisms**

The main concern as far as budget support is concerned is about the capacity of the local administration to manage aid flows efficiently and transparently. The capacity of the Ministry of Finance is questioned in particular. Under the 10th EDF, BS will be the main aid modality, representing around 52% of the total envelop for the period 2009-2011. General BS will be the rule, with a focus on education and health sectors. The EC Delegation intends to move to sectoral BS in the second phase (2011-2013).

With regard to the implementation of the **non-state actors support programme** (second generation of such programmes in Niger), criticisms have been formulated: the joint elaboration and implementation of the programme would “patronize” local CSOs. Another criticism concerns the objectives set up in the programme, i.e. the capacity-building of local CSOs. The latter argue that the programme should rather focus on CSOs’ capacity to conduct political lobbying activities (“plaidoyer”) and on strengthening CSOs’ political culture.

- Delivery process: the elaboration of programmes takes too much time. There is a staff capacity issue, both quantitative and qualitative (this matter has been raised in other workshops). The low absorption capacity is another issue raised. The EC Delegation in Niamey argues that 100% of committed funds have been disbursed under the 9th EDF (envelop of CFA Franc 357 billion, or approx. € 572 million). CSOs challenge this assertion, noticing the case of the Agency for market regulation, which has not received the funds committed.

- **Ownership and partnership**

The partnership between the EC and the NAO would rather be a unilateral relationship than a balanced partnership. With regard to the elaboration of the 2nd PRSP, a conducive and participative process has made possible for national CSOs to express comments and formulate recommendations. “Ideally, PRSPs have to reflect people’s expectations”. However, the World Bank, the leading donor in Niger, has been asked by the government itself to “review” the document, putting in question the Nigerian sovereignty. Priorities have been reshaped to fit with the liberal pattern praised by the WB and the IMF.

Priority definition: the process leading to the identification of the EC aid priority areas for the country reveals a gap between EC’s own agenda and civil society’s expectations. Under the 10th EDF, priority sectors will be infrastructures (40 to 47%), social sectors (education and health) and rural development (but not agriculture). A landlocked country, infrastructures needs are not questionable. However, infrastructures construction planning should be formulated with a social perspective. Under the 10th EDF, the commercial approach, linked to the implementation of EPAs, overshadows the social angle.

- EC aid in the Nigerian infrastructure sector:

Construction plans of Transsaharian roads to Benin and Burkina Faso are benefiting to a large extent to European operators and not to national and sub-regional companies, weakening the impact of aid. As a matter of fact, up to 40% of EDF funds, according to the interviewee, are channelled back to Europe via European companies.

- EC aid and the Nigerian agricultural sector:

According to the interviewee, there is an urgent need for the elaboration of a national agricultural policy which would be based on the principal of food sovereignty and adapted to the familial basis of the agricultural sector. National CSOs are cautious about the potential consequences of initiatives like the setting up of communitarian cereals banks. There are concerns that access to agricultural credit, although a chance for improving the income of producers represents a risk for the communities if in the mid-term it increases their debts and jeopardize their food security.

Two regional networks are closely monitoring the agricultural regional policies, the regional farmer platform (ROPA) and the regional network of Western and Central African national NGOs (REPAOC⁴²). At regional level, the ECOWAP (Common agricultural policy for Western Africa) is the regional regulatory framework. At national level, the Rural development strategy (SDR), adopted in 2003, is the strategic framework for the agricultural sector. It sets out general guiding objectives (the transformation of agriculture into a vital economic sector for the country, the facilitation of access to inputs for producers, etc.) and principals (food sufficiency, etc.). However, the absence of a national policy (a regulatory framework and financing action plan) undermines the achievements of the objectives set up in the SDR.

Programmes to increase ownership by small producers of the SDR have been supported under the 9th EDF. There is however a need for a national policy to operationalize the SDR.

Meanwhile, rural development is a priority under the 10th EDF, but not agriculture. The EC rejects the idea to support agriculture as a global system of production. Food security is only envisaged through emergency food aid. On the contrary, CSOs in Niger call for the inclusion of agriculture as a priority in the CSP and the NIP.

- **Coherence, complementarity and coordination**

Coordination amongst the donor community in Niger is led by the UNDP. Harmonisation of procedures is a serious issue. The MEBA Affair as revealed what dramatic consequences lack of coordination between donors can have.⁴³ In Niger, coordination between the Technical and financial partners (TFP) proved to be lacking. In October 2007 Niger adopted an action plan for the evaluation of progress in the implementation of the Paris Declaration. This plan recommends the creation of new tripartite coordination mechanisms, but they have not been formally put in place so far.

⁴² See: www.repaoc.org

⁴³ Corruption case involving the Nigerian Ministry for basic education and alphabetization (MEBA). The MEBA was managing a two-year education programme 50% funded by the Canadian cooperation through budget support. Misappropriate use of funds resulted in the fall of the government in 2006.

- **Monitoring and evaluation**

Joint missions between government officials and donors representatives, and mid-term reviews based on commonly-agreed indicators (although this last point is questioned by CSOs) are the traditional mechanisms of aid monitoring and evaluation.

The civil society does not feel involved in any of the official evaluation and monitoring processes. Independent initiatives are multiplying, like the initiative led by the Independent national observatory.⁴⁴ The mandate of this observatory is to assess the use of both public finance and development aid flows.

3rd interview: Mrs Christine Andela, Collectif des ONG pour la sécurité alimentaire et le développement rural (COSADER), focal point for the forum Les Jeudis de Cotonou

The following issues were raised in the course of the interview. The opinions expressed are those of the interviewee.

- **The donor community in Cameroon:**

The EC is the primary donor of development aid. France, Germany, Italy, Japan, USAID, Canada, and the UNDP are other major donors.

- **Added-value and weaknesses** of EC development aid in Cameroon:

In the view of the Cameroonian civil society, the added-value of the EC as a donor compared with other donors is to have institutionalized (at Delegation level) the role of CSOs as active stakeholders and interlocutors.⁴⁵ In addition, the EC Delegation in Yaoundé makes praiseworthy communication efforts to inform CSOs about existing funding mechanism outside the EDF (invitation to apply to calls for proposals for thematic programmes).

- Challenges faced by local CSOs in their relations with the EC:

They are in many aspects similar to what has been expressed in previous interviews and roundtables held in the South. The capacity of local CSOs confronted to heavy application and reporting procedures is a challenge. With a view to reinforce the capacity of local NGOs to apply for EC aid programmes, the Support programme for the structuring of the civil society has been launched; the discus-

44 Observatoire national indépendant, a network of Eurodad's 8 sub offices.

45 As a matter of fact, the status of CSOs as "partners" is recognized in the Cotonou Agreement.

sion and preparation phase took 3-4 years. The programme is funded under the 9th EDF and will last four years (until 30 June 2011). With the EC Delegation, the NAO support unit is another key interlocutor for national CSOs. Access to information due to poor technical capacities (Internet) is a challenge for small-sized organizations.

- **EC aid priorities** under the 10th EDF are governance (20% plus an incentive tranche – 25%) and trade and regional integration (65%). Rural development and support to non-state actors and to the NAO accounts for 15%. CSOs managed to have rural development as a priority, but the 10th EDF envelop is clearly marked by the perspective of the implementation of Economic Partnership Agreements.⁴⁶ The hunger riots which started in February 2008 in the country have brought the attention back on agriculture. However, agriculture (and agricultural competitiveness) will be supported in the framework of the trade and regional integration priority area and not with a development approach. This trade-focused approach is criticized by national CSOs, which argues that the right to food and food dependency perspectives are missing.
- **Evaluation and monitoring:** the lack of transparency in the communication of the results of impact assessments is pointed out. There is not communication on the outcomes of audits and evaluations, according to the interviewee. Though Cameroonian CSOs have limited capacity to conduct independent assessments, they have started to evaluate bilateral aid. On EC aid, the EC Delegation and the NAO prepare a joint report on an annual basis, which CSOs have been able to comment in the past (on their own initiative). Nevertheless, CSOs acknowledge that they miss the tools and expertise to conduct proper evaluations.
- **Donors' coordination:** Multi-donor committees meet regularly and CSO representatives are often invited to attend and share information. The need for coordination amongst donors originally came in the context of the HIPC initiative.⁴⁷ The EC Delegation plays an important role in this forum.

Budget support is increasingly used by all donors to channel their ODA to Cameroon. In this context, there was also a need for a coordination mechanism. The EC took the lead and set up a Dialogue Platform on public finances two years ago. The platform

⁴⁶ Cameroon is the only member of the Economic and Monetary Community of Central Africa (CEMAC) which has signed an interim EPA with the EC (in December 2007).

⁴⁷ Debt Initiative for the heavily indebted poor countries.

gathers all the donors present in Cameroon, sitting together with representatives from the government and the civil society. Cameroon has been excluded from budget support since 2004 when the 9th EDF mid-term review established bad governance practices in the use of funds. Donors are considering starting again budget support as soon as the conditions will allow (new public finance management framework, operational court of auditors, etc.).

Issues for further discussion

- **Government's and CSOs' positions for Accra:**

The government issued a review report early June on the progress made towards the achievement of the Paris Declaration indicators. In this report, the EC is criticized for the little progress made to meet the targets on alignment. National CSOs have been asked by the government to formulate comments on the conclusions of this report. Meanwhile, national CSOs had started an independent consultation process in August last year. Cameroonian CSOs' representatives participated in the regional consultation on aid effectiveness (consultation process piloted by the OECD/DAC to input the Accra Agenda for Action) in September 2007. Finally, Cameroonian CSOs held a national consultation in April this year to prepare Accra and share their concerns with government and donors representatives.

- **Perceptions of Southern CSOs about the EC/EU:**

"The EU has difficulties to understand that things are changing". Confident of being a model of virtue among the donors' community, the EC claims a leadership role on development aid policies. However, the role of the civil society is not to systematically back up EC's positions and the EC would be offended about Southern CSOs being concerned about their autonomy of though while it is asking for gratitude. Southern CSOs may have the impression that the EC is not sincerely keen, or not ready, to engage in a dialogue with them and is not considering them as serious interlocutors, contrary to Northern CSOs. In citizen debates in the South, there are voices criticizing the EC's old whiffs of paternalist.

Questions that framed the interviews⁴⁸:

EC development aid and the Paris Declaration principles

- Added value: How would you qualify the added value of EC aid compared to Member

⁴⁸ Also available in Annex II of the Discussion Note (<http://weca-ecaid.eu/2007/01/23/draft-initial-discussion-note/>)

State or other multi-lateral aid channels especially in relation to the poverty reduction objective of the EU's Development Policy (procedures; instruments; field management; focus)?

- Aid allocation mechanisms: What in your experience are the strengths and weaknesses of the geographical and sector based & thematic allocation mechanisms behind EC aid?
- Efficiency of delivery process: How efficient are the processes through which EC aid is delivered? What is the strongest criticism that comes to your mind when assessing these processes (delivery time, transparency, etc)? Do you have a 'success story' in mind? We should certainly bear in mind not just the efficiency of the donor, but also efficiency of different modalities: e.g. aid delivered via global funds, via new "initiatives" (water fund, infrastructure, etc.) via NGOs, via thematic programmes etc.
- Effectiveness: In your opinion, how effective is EC aid? What factors do you feel are important in measuring effectiveness? To what extent does EC aid not yet conform to the recommendations in the Paris Declaration, especially compared to other donors? Do you have a view on the effectiveness of different types of aid modalities (e.g. project aid, food security, budget support...)?
- Ownership and partnership: Based on your experience, in how far does EC aid reflect the principles of ownership and partnership? How do you assess partnership and ownership in practice?
- Coherence, complementarity, coordination: How strong is the EC in implementing the three Cs? How does it influence the quality of aid? To what extent does the EC cooperate effectively with other donors (e.g. division of labour)?
- Accountability, Monitoring and evaluation: To what extent is the EC accountable to its stakeholders for the results of its aid? Are the accountability mechanisms adequate for the different stakeholders (EU Member States, the EP, partner countries, the European public, non-state actors, etc.)? How are monitoring and evaluation used at Delegation level, and do they help improving it? Are there adequate methods in place to use the knowledge gained from M&E, including for partner governments and NGOs? Can you give examples or ideas?
- Change: Propose suggestions for change in EC aid to better address poverty reduction?

The EU position towards the Review Forum in Accra in September

- What could/should be a common European position in Accra, and how can the EC take on-board its partner concerns?
- How can the new modalities (ex. Budget support, the MDG contracts, division of labour, etc.) and new forms of political dialogue improve impact?

Chapter IV

Briefing notes



Whither EC Aid?' is an independent, joint ActionAid-ECDPM project that aims to contribute to a broader based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalisation of an initial discussion note, the project has entered a consultation phase to stimulate further inputs from stakeholders. Three briefing notes are being issued reflecting the main topics which have been raised in the workshop discussions, these being (1) budget support; (2) the treaty of Lisbon; and (3) division of labour. The briefing notes aim to raise awareness and inspire further analysis on the respective topics, and can be downloaded at <http://weca-ecaid.eu>.

The increasing use of Budget Support in development aid – Is the EC (and the EU as a whole) moving into the right direction?

In the framework of the activities carried out so far stakeholders have clearly stated the need for increased dialogue on the EC's increased commitment to budget support. This briefing paper aims to contribute to clarifying the main issues raised in our workshops around the potential benefits and risks of budget support as implemented by the EC. It is hoped that this briefing paper can contribute to improving the general level of understanding about Budget Support and identify means to improve its implementation.

Definition

The EC defines BS as the transfer of financial resources of an external financing agency to the national treasury of a partner country. Broadly speaking, budget support involves the direct **transfer of funds to a partner country's budget**. These financial resources form part of the partner country's global resources, and are used in accordance with its public financial management system. Budget support is one tool in the toolkit of EC aid modalities. There are two main types of budget support: GBS, representing a transfer to the national treasury in support of a national development or reform policy and strategy; Sector Budget Support (SBS), representing a transfer to the national treasury in support of a sector programme policy and strategy.

Where do we stand?

Budget support is **increasingly used by donors to channel their development aid**. The EC is leading this trend and further ahead than most other donors, in line with the European Consensus on Development and the Paris Declaration. Internally, the European Union has agreed to reach 50% of EU ODA through budget support by 2010. In part as a result of this commitment, the EC will use budget support under the 10th EDF in 44 African-Caribbean-Pacific countries compared to 28 countries under the 9th EDF. Significant European donors are also intensifying the use of BS in their bilateral development aid. It is important to note however, that various forms of BS

still accounts for a relatively low proportion of global aid, and it is highly unlikely that European donors will reach their stated target of 50% of their ODA through BS.

Benefits and risks of budget support

The advantages of budget support, compared to project aid are usually stated as follows: BS is more predictable, it supports nationally-owned PRS, it helps governments to expand public services, and it fosters State and administrative capacities. It is also argued that BS can help support stronger ownership of aid inflows and can lead to stronger systems of domestic accountability.

The EC clearly states that its aim in increasing BS is to help recipient countries to become independent from international aid. The EC argues that channeling aid through government systems will necessarily contribute to their reinforcement, leading ultimately to economic growth and development. It is clear that with benefits also come several risks especially with governments that do not have reliable Public Financial Management systems or institutions able to effectively tackle corruption. There is also a potential risk for BS to create situations which reinforce the power of donors in the budget and overall policy arena in a partner country. In this respect the advantages in terms of increased predictability can equally turn into risks of excessive volatility for political rather than fiduciary reasons. BS can risk giving excessive power finance ministries to the detriment of other (sectoral) line ministries or parliaments. These risks and benefits are assessed in more detail further on in this note.

It is also worth noting that partner countries have hugely differing views on BS: while several Eastern Africa countries have embraced the idea, several others including South Africa and India oppose it for various reasons (fear of donors teaming up and increasing dependence; preference for targeted project support for areas where they lack capacities, etc.)

Why does the EC favour BS?

Greater use of budget support is viewed by the EC as a key instrument for advancing the aid effectiveness agenda and improving its aid delivery. Therefore, in line with the 2005 European Consensus on Development and the Partnership commitments of the Paris Declaration 2005, budget support is one of the EC's preferred aid modality. The added value of the EC in the provision of BS is generally accepted by the donor

community; it is highlighted by the OECD/DAC Peer Review of EC aid: “Budget support may be an area where the Commission has a comparative advantage over many Member States, given its experience and accumulated know-how”.

The EC sees BS as part of a bigger picture; contributing to the effective implementation of nationally owned poverty reduction and growth strategies by filling the gaps in national budgets, while at the same time providing an incentive to improve public services delivery and support to Public Financial Management systems. The argument is that the provision of a significant level of external finance is an essential part of supporting the transparent management of resources and further provides a solid basis of fiscal revenue. In summary the EC’s position is that:

- Governments are essential actors in combating poverty and delivering development. Because budget support uses government systems it helps strengthen them;
- In the right circumstances, budget support helps governments deliver core functions: building financial and political stability; stabilising the macro economy; supporting delivery of basic public services such as health and education;
- Budget support can enable governments to be accountable for its actions and responsive to its citizens

The EC provides BS to the countries that meet the following general criteria of eligibility: having a national policy and strategy (sector policy and strategy for SBS); a stability-oriented macroeconomic framework; a credible and relevant programme to improve Public Financial Management. There are many questions as to who actually sets these criteria, with widespread criticism of the rigid application of “macro-economic policy criteria” in particular.

The global agenda: EU’s focus on aid predictability

In the Third High-Level Forum on Aid Effectiveness in Accra in September 2008, the EC is proposing to the EU Member States as a group to focus on improving predictability of aid through BS and the so-called MDG contracts. The MDG contracts are intended to be a distinctive implementation modality for general BS, allowing provision of support for a timeframe of three to six years with a focus on results, performance assessment and reinforced dialogue instead of immediate suspension of disbursement. The EC claims that the MDG contracts offer greater predictability, allowing for long term planning for social sectors recurrent costs. A pilot scheme is about to be launched

in some 10 countries. Overall, workshop participants have had positive reactions to the proposed instrument insofar as it aims at better linking budget support to MDG impact through predictable long term aid allocations. Additionally, participants have expressed support for the idea that MDG contract would act as a tool for monitoring the impact of budget support on the MDGs targets under PRS, whereas in the past, donors have taken (uncoordinated) positions towards freezing their budget support because of political or economic instability, corruption, cases of late disbursements, etc. On the whole though, there is a need for more transparent and clear information about how the scheme will work in practice, and a better understanding of the accompanying measures being used to better support domestic accountability measures.

Issues and challenge arising for the EC in effectively providing BS

Although regarded as technical, there is a clear need to demystify budget support as an aid modality. There needs to be a democratisation and transparency in the communication about how budget support will support the delivery of EC and partner country development objectives, especially in partner countries. Below is a summary of the key challenges around securing the potential benefits and minimising the risks associated with Budget Support.

Domestic Accountability and ownership

A recurring concern in our discussions was the risk that Budget support increases the power of the donor community at the expense of domestic accountability. Lack of transparency regarding both partner government budget and aid flows is an issue and it is essential that local populations are enabled to hold their governments accountable for the use of budget support aid.

The workshops have shown a great deal of consensus on the need to accompany budget support through measures to strengthen various stakeholders. In other words, the EC must accompany BS with increased support for institutions of domestic scrutiny : national parliaments but also the media and CSOs. Discussions have also pointed to the need for the EC to pay special attention to groups that are affected but excluded from debates on the (women organisations, rural civil society groups, etc.). Although certain cases have been cited where parliamentary hearings looking at aid inflows and national budgets have been successfully organised (Mali, Sierra Leone), national parliaments still face severe lack of information as well as the skills needed

to engage effectively. Parliaments are also key stakeholders to advocate for citizens concerns in the planning and delivery of national budgets. Measures to accompany the **institutional development and administrative capacities** of the legislative and judiciary scrutiny organs (Court of Auditors, parliamentary Commissions, etc.) also have to be part of a budget support strategy.

Finally, there is also a broad consensus on the importance of **accompanying decentralisation and strengthening local authorities** through budget support. Bring the aid at the local level is indeed a means to increase the aid effectiveness and visibility. This is a huge challenge considering the difficulty to grasp the mechanisms and channels through which the whole range of stakeholders – local authorities, the civil society, the media, etc. – would finally get the benefit of the aid.

Alignment and conditionality

As long as BS is tied to nationally-owned strategies and systems then it should contribute to improving ownership and alignment in aid. However, these benefits can be undermined by heavy handed donor interference and conditionalities which limit the government's ability to negotiate appropriate policies. Because Budget support gives donors the right to look at all strategies and priorities set up in the national budget there is a clear risk that this level of access and power can undermine the sovereignty of a beneficiary country. One of the EC's eligibility criteria for BS is to have a "stable macroeconomic framework". **IMF controversial conditions and signaling instruments** (the Country Policy and Institutional Assessment for instance) are widely criticised for rigidly imposing a particular economic policy, closing down the space for partner governments to determine their own economic policies and giving the donor community excessive political if not ideological leverage.

Workshop participants have also raised concerns in relation to the **incentive tranche mechanism**, a component of the EC's **Governance Initiative** embracing a range of good governance criteria defined by the EC. Incentive tranches are provided to partner countries in response to the levels of ambition and credibility of an action plan set up by the recipient government. This allows in practice the EC to condition its aid on the achievement of agreed country-owned indicators of good governance. The application of the Governance Initiative remains vague and CSOs demand transparency in the definition of the criteria and insist on the importance that these criteria be mutually-agreed and binding between the EC and partner countries.

Coordination, dialogue and monitoring for impact

Although the EU has committed in the Consensus on Development to align and harmonise their procedures and practices, there is still much to be done to improve harmonisation amongst European donors, in alignment with partner country policies and procedures. This is especially crucial if BS is to deliver on its promise to strengthen national procedures, rather than re-creating a cacophony of competing performance management frameworks, eligibility criteria etc. One potential advantage of budget support is that it places aid within a wider policy context and can potentially result in improved coordination. In this respect, the EC (at Delegation level) has a role to play in creating space among donors for improving the transparency of programming, evaluation and assessment methods.

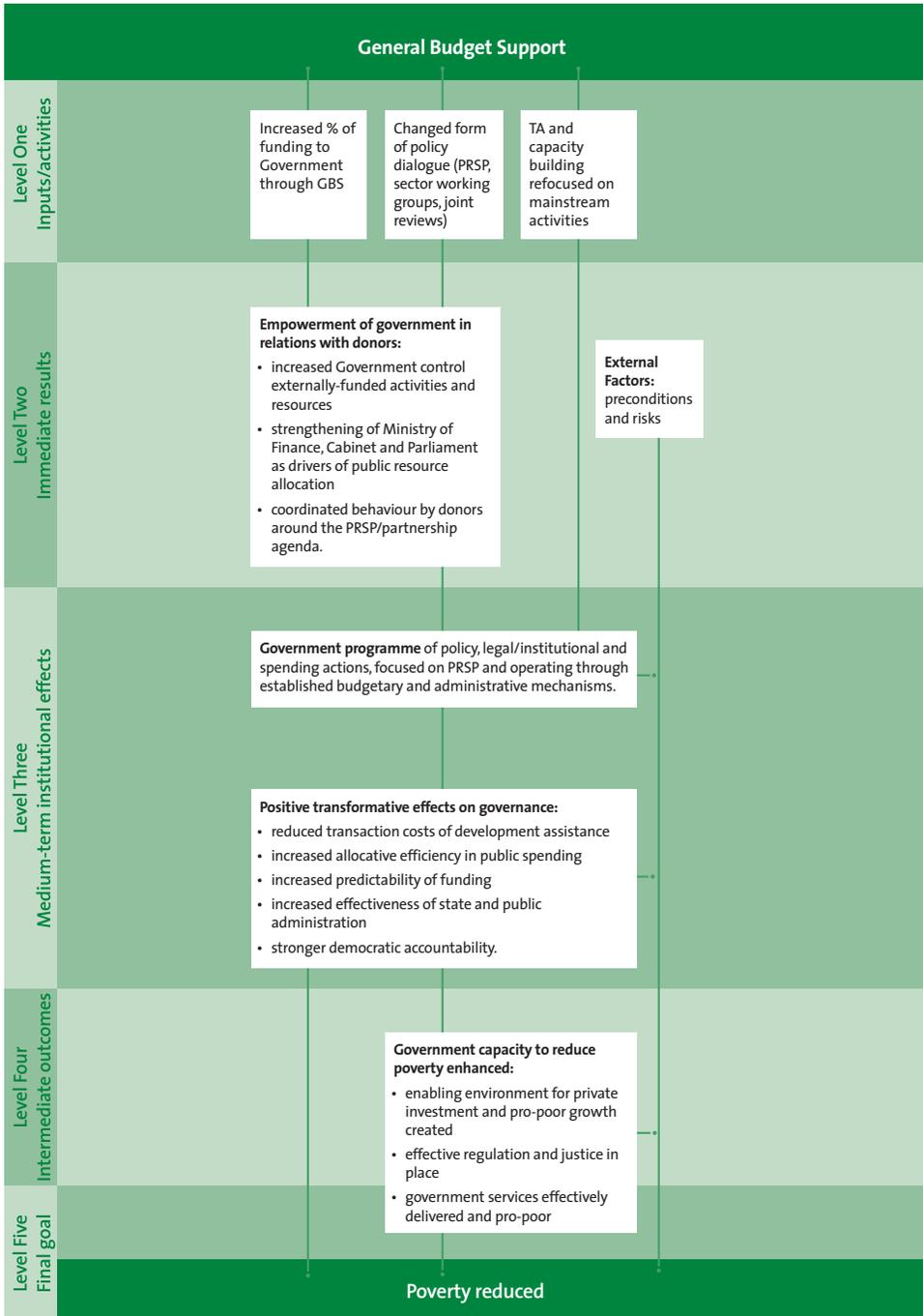
Greater donor coordination at local level is essential to avoid excessive and overlapping monitoring and evaluation missions. This is particularly necessary when systems around budget support are not pooled between donors at local level. Budget support coordination groups work depending on the degree of involvement of donors and their willingness to support the leadership of partner countries in these groups. On the basis of existing experiences the **openness** of these groups to all stakeholders – parliamentarians, media, civil society organisations, private sector, etc. – is a key factor in the successful implementation of BS. Indeed, donor failure to provide accessible information to the public about their activities and government failure to publish audited accounts undermines efforts for better monitoring of aid impact. Bringing **more clarity and transparency** into these fora and the surrounding decision-making structures could facilitate the assessment of the results of budget support. Crucially this can also promote more accountable and transparent budget processes overall in a country.

Finally, **more dialogue and independent perspectives** on the impact and outcomes of budget support aid is lacking.

EC structural problems

The technical implementation of BS by the EC should not overlook key features of a successful budget support operation which must be a basis criteria accompanied by broad-based policy dialogue. This dialogue necessarily includes the establishment of a real partnership between donors and recipient countries. There is a question mark regarding the **EC capacity and mandate to engage in more political questions** involving the supervisory role of parliaments, power relations between line ministries

Table: Evaluation Framework linking up GBS and poverty reduction



Source: OPM/ODI Synthesis 1

and ministries of finance, interaction between national and local levels of authorities, etc. This level of authority and capacity is however needed in order to really obtain the full development benefits of budget support. **Stronger EC expertise in sector policies** is also needed.

Greater reliance on budget support requires systematic use of risk assessments and a good understanding of the appropriateness of budget support in the local context. EC headquarters should rely more on the experience and assessments of delegation staff as well as the inputs of national parliaments and civil societies in designing and managing budget support.

Predictability and the MDG contract

If BS is not accompanied by a commitment to predictability the political consequences can be severe. The lack of sanctions on donors if they do not deliver on promises seriously undermines the notion of mutual accountability.

The **MDG contracts have received mixed reactions** so far. Discussions are ongoing and, although the EC would like to make this a cornerstone of its contribution to the debate on aid effectiveness, there are concerns that a consensus amongst the EU Member States could not be reached before Accra.

The added value of the MDG contracts in reaching the MDG targets still need to be demonstrated. There is also a specific issue regarding predictable budget support in **Fragile States** (or even non-Fragile States like in recent time Kenya), where there have been cases in the recent past of postponement of aid delivery due to concerns about the political situation (Sierra Leone in 2007).

Different perceptions of budget support

There is a risk that the budget support approach will squeeze out alternative approaches and actors, reducing the amount of aid available to civil society and other actors as compared with the project approach.

It is important to ensure that the moves towards budget support are accompanied by additional **measures to support the instruments of accountability and innovation**. Some commentators have spoken of the need for a tool box of different approaches and modalities to support the poverty eradication strategies.

The increasing use of budget support is perceived by some stakeholders as an easy way for donors to ease disbursement rates with a view to meeting the Monterrey commitments (i.e. on the volume of ODA. However the clear view in the workshops has been that budget support is not an easier aid modality compared to project or sector approaches and in practice rather requires much resources and time in monitoring but also in engaging in sensitive political dialogue with the partner countries.

This briefing note has been written by Romain Philippe. The author would like to thank those EU officials and CSO representatives who provided comments on an earlier draft of this document.

A case study: Rwanda

Aid from European donors to Rwanda is mainly channeled to the government, a high-level of which through budget support. The EC will channel 60% of programmed funds under the 10th EDF envelop for the country (or €131.4 million out of a total budget of €219 million for the period 2009-2013) through budget support. Another main donor, DFID (UK), has already been providing high-levels of BS and is expected to continue this support with a level of around £35 million per year (€54 million).

At workshops held in Rwanda in March 2008, a high degree of support for BS was expressed, which raises the question: What can make budget support work? Lessons learned from the Rwandan experience:

- ✓ The articulation of reliable monitoring instruments and a serious and credible MDG-oriented poverty reduction strategy are essential to create a favourable environment for donors to endorse and support the priorities decided to by the Rwandan authorities.
- ✓ BS evaluation relies on the (national) EDPRS monitoring framework: the CIPAF.
- ✓ The EDPRS has been developed closely in line with the MDGs, which makes it straightforward for donors to back.
- ✓ Strong Government agenda setting and leadership, its capacity to be accountable to donors and to Rwandan society, excellent working relationship, dialogue and harmony in the relationship between the Government and main donors, all combining efforts and pursuing the same agenda, as well as a high degree of coordination between donors, are key elements according to all local stakeholders.
- ✓ An innovative mechanism, the Joint Action Forum, is in charge of addressing coordination gaps amongst NGOs and government interventions.
- ✓ One last lesson to learn from Rwanda's experience: policies towards decentralisation and district level accountability.

Lack of human capacity and low absorption capacity are the main challenges. Stakeholders must ensure that budget support and related implementation and monitoring systems are working efficiently in order that aid is being absorbed.

Also worth noting, Rwanda is a pilot country for the MDG contacts. Previously, €30 million GBS were disbursed annually depending on a series of indicators. Now, disbursement of aid is made predictable over 6 years and monitoring will be against the MDGs.

How will the EU Code of conduct be conducted? Opportunities and obstacles for European Division of Labour in development cooperation.

This briefing note aims to contribute to the ongoing efforts of the European Union to improve its division of labour in the area of development cooperation, with special reference to a Code of Conduct that was agreed on this topic in May 2007.

Context

Today's development cooperation shows an ever expanding and diversifying picture of development donors and approaches, a situation that some describe as being out of control. The average developing country today has to deal with 30 donors, compared to only 12 in the 1960s. For governments of developing countries, managing these aid relationships is challenging and diverts time, energy and resources away from their core activities. For example, Vietnam alone received 791 missions in 2005, more than 3 per working day.⁴⁹ About 2,400 reports need to be submitted annually to donors by the Tanzanian government.⁵⁰

Such figures illustrate how uncoordinated development cooperation negatively affects the effectiveness and ultimate impact in terms of economic development and poverty reduction, which is sought by all involved partners.

The EU and the Code of Conduct on Complementarity and Division of Labour

In the European Union, many initiatives were taken to improve coordination in development cooperation following the 1992 Maastricht, which set out the Union's development objectives. Actual progress however remained tentative, while the Union's

49 Source: Department for International Development (2008), Coordination for aid effectiveness, UK Government memorandum for the International Development Committee.

50 Source: European Commission (2008) An EU Aid Effectiveness Roadmap to Accra and beyond. From rhetoric to action, hastening the pace of reforms. EC Staff Working Document.

collective country and sector portfolio, as well as its own member states, expanded substantially during the years.

New impetus was given to the process in April 2006, when the EU committed to taking “*concrete steps towards the development of operational principles*” to improve its division of labour, within and across developing countries. Towards the end of this same year, the Union agreed on the building blocks for its division of labour, and invited the Commission to work out a proposal on this basis. The proposal resulted in the **EU Code of Conduct on Complementarity and Division of Labour**, which was adopted in May 2007 during the German Presidency of the Union. This Code of Conduct is clearly presented as a voluntary and ‘self-policing’ document, but some sections of the text feature quite unambiguous and strong commitments.

What distinguishes the Code of Conduct from earlier EU decisions in the area is that it calls on all Member States and the Commission to each define its comparative advantages and added value in development cooperation. The Code also emphasises that all initiatives developed on its basis must be open to non-EU donors, and the EU’s efforts should build on existing processes where present.⁵¹ Consistent with earlier EU decisions and international declarations, the Code also prominently underlines that **the primary leadership should be taken by the partner country**. If need be, the EU should “*strengthen such a process*”, although no concrete measures or ideas for doing so are specified.

Where do we stand?

When analysing the Code of Conduct, the EU’s commitments in the area of division of labour are clearly hard to monitor and rather ambiguous. **Different factors make it difficult to track the implementation** of these commitments, including the following:

1. The finalisation of the EU decision has not been accompanied by more pragmatic and specific implementation guidelines, obscuring judgement on what progress should be achieved by when;

⁵¹ These existing processes include the Joint Assistance Strategies that are being implemented in Tanzania, Uganda, Zambia, Ghana and Kenya.

2. Since the partner countries' definitions of 'sectors' should guide the efforts to improve the division of labour, and given that the maximum number of total donors should range between 3 and 5 (with exception of the support under guiding principle 1 above), situations may evolve considerably and make it difficult to compare across countries.
3. Given the required leadership of the partner-country, as well as the need to involve non-EU donors, it is difficult to determine the degree to which the EU is accountable for any (lack of) progress.

Box 1: The 11 Guiding Principles of the EU Code of Conduct

In-Country	Cross-Country and regional
<ol style="list-style-type: none"> 1. Each EU donor to work in three sectors per partner country (division of labour is not required for general budget support and assistance to non-state actors and research). 2. Redeploy funds programmed for other sectors on the basis of negotiations with partner country authorities. 3. EU to support the establishment of lead donor arrangements in all priority sectors. 4. "Delegated cooperation", whereby a donor delegates authority to administer its funding in a given sector to another donor, is encouraged. 5. EU to ensure involvement of at least one donor with appropriate competence in every sector relevant for poverty reduction. EU donors to limit number of active donors per sector to maximum of five. 	<ol style="list-style-type: none"> 6. Principles 1-5 also to be applied at regional levels. 7. EU donors to focus on a limited number of "priority countries", decisions on such priorities are to be coordinated to avoid fragmentation of funds. 8. EU donors also commit to address the 'aid orphans' issues, redistributing overall resources in favour of those countries that receive relatively few aid.

Complementary principles

9. EU donors deepen self-assessments and evaluations as regards their comparative advantages in sectors and aid modalities, also taking into account the views of the partner countries.
10. The EU commits to make progress on other dimensions of complementarity, vertical complementarity in the context of relevant international fora and cross-modalities and instruments.
11. Successful implementation requires strong political and technical support at both the headquarter and field levels. EU donors need to deepen reforms to deliver, and may consider decentralisation of their administrations, institutional incentives to staff and redistribution of financial and human resources.

Taking these aspects together, there is a clear need for reliable, disaggregated statistics on the Union's aid activities. During a conference that was organised in Maastricht in September 2007, the Director General of EuropeAid, Koos Richelle, emphasised the lack of available data on what the EU member states and the Commission are doing. Some efforts have been made to this end, including the publication of three editions of the EU donor atlas, but as it stands the available public information on the EU donors' aid programmes is insufficient.⁵²

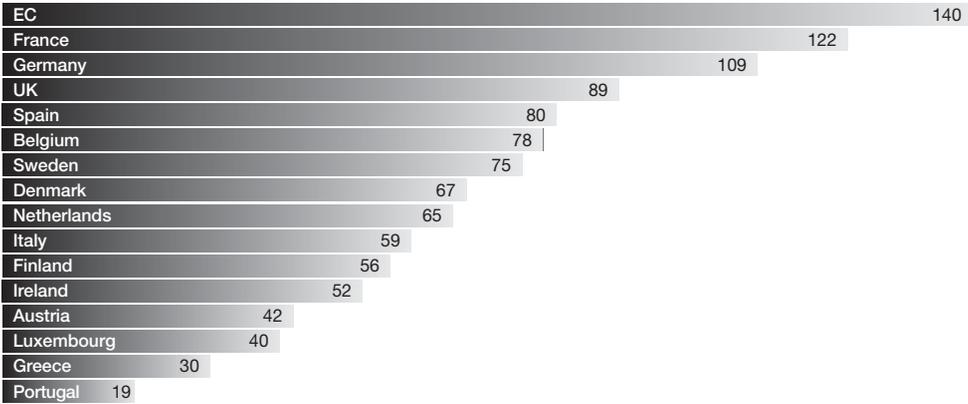
Partly as a follow up on the first EU donor atlas, the Development Assistance Committee published an analysis of aid fragmentation in December 2007, based on available data for all DAC members, International Finance Institutions, global funds and main United Nations organisations. The analysis was restricted to what the DAC defined as 'country programmable aid' (CPA), based on gross disbursements for 2005.⁵³ The graph below shows the total number of countries in which each EU donor is active.

Whereas the data on which this graph is based counts any degree of donor engagement in a country as equal – ranging from core concentration-countries to very marginal project-based engagement – the data nevertheless gives some idea of the EU donors' performance in terms of cross-country division of labour. As far as in-country division of labour is concerned, the data for a selected number of African countries – both 'darlings' and 'orphans' in terms of aid allocations – shows a fairly mixed picture.

⁵² The most recent edition of the EU donor atlas is available at <http://development.donoratlas.eu/> A specific atlas on Mozambique is available at www.odamoz.org.mz

⁵³ For details on the methodology, please refer to Annex 1 of the DAC study (DAC2007c).

Partner country coverage for EU MS and the Commission (OECD DAC 2005 data)



The DAC study discussed one extreme case, being the health sector in Vietnam which has to accommodate a staggering total of 25 donors (of which 13 EU donors). The case also shows that 17 of these 25 donors (of which 9 European) together account for only 10% of the total sector aid. The above box shows that other partner countries show similar distributions, clearly indicating that **in many countries there is sufficient potential for change**: some donors being well placed to assume a lead donor role in certain sectors, and others giving relatively small contributions to a sector (or country) which could be ‘delegated’ towards other donors.

Within the EU, the European Commission’s Directorate General for Development has made efforts to facilitate the implementation of the Code of Conduct. Among other activities, it is working with France on a ‘compendium of good practices on division of labour’ as an input to the DAC’s working party on aid effectiveness, a toolkit to facilitate the implementation of the Code. DG Development also recently launched a proposal and set of working papers around the central of ‘Speeding up progress towards the Millennium Development Goals’, with specific attention to division of labour. This package will inform EU wide decisions on this matter in June.

**Box: Statistics on donor fragmentation for selected African countries
(DAC members, International Finance Institutions, global funds and main United Nations organisations)**

Country	Overall number of donors	Overall: donors that add up to 10% of CPA	Health sector: no. of donors	Economic infra-structure: number of donors	Aid as % of GNI*	Aid per capita in US \$*
Benin	19	9	14	13	8.2%	41
Burkina Faso	25	14	21	15	12.8%	50
Central African Rep.	13	7	10	4	7%	40
Chad	16	10	11	6	8.6%	39
Eritrea	20	11	12	7	36.9%	81
Ghana	24	14	17	16	10.6%	51
Mozambique	28	14	23	22	20.7%	65
Rwanda	25	16	20	15	27.1%	64
Tanzania	27	15	22	19	12.5%	39
Zambia	23	12	18	14	13.9%	81
Averages	22	12	16	13	15.8%	55

Source: OECD 2007, where indicated with*: World Bank 2007

Issues: Division of Labour or Laborious Divisiveness?

Following its adoption in May 2007, the Code of Conduct was widely heralded as a major step forward in the EU's cooperation in the area of development. However, a few months past this initial enthusiasm, some member states began to put question marks to the idea of particularly advancing in an 'EU wide setting', as they preferred to operate in like-minded groups. Civil Society has particularly stressed the Code of Conduct's emphasis on the need for the partner country to be in the driving seat of decisions about division of labour, and raised concerns of lack of progress in this area. During the workshops, participants repeatedly stressed the importance of ensuring that these processes are bottom-up and not Brussels-led.

When contrasting the Code of Conduct with earlier attempts of the Union to increase its internal task division in the area of development cooperation, there are a number of factors, both internal and external, which may prove **favourable to further progress**:

- Some partner country governments are taking effective leadership of the aid coordination and alignment, and increasing use is made of lead donors and delegated partnerships.
- Some member states have started to reduce the number of partner countries in which they work.
- Recent EU legal innovations such as co-financing and Additional Voluntary Contributions make it easier for member states and the European Commission to work with or through each other.
- The committed 'upscaling' of aid is a window of opportunity, as rising staff-to-disbursement ratios in European aid administrations may provide a need for division of labour in itself.⁵⁴ Linked to this, the increasing number of new sectors and thematic areas in development cooperation – such as climate change – may also further motivate aid administrations to harmonise and avoid becoming too overstretched.
- In addition, the emergence of new donors – some with considerable budgets – may also provide incentives for the EU to improve its collective influence and effectiveness.
- Once ratified, the Lisbon Treaty will reinforce the EU's legal obligation to coordinate, with *"complementarity and efficiency of Union action"* as explicit goal (Art 188F).

⁵⁴ It should however be noted that the EC Communication of 9 April 2008 signals that European aid actually decreased from 0.41% of Gross National Income in 2006 to 0.38% in 2007.

- The Lisbon Treaty also foresees the legal and institutional strengthening of the EC Delegations in the developing countries (to become Union Delegations) and, linked to that, the creation of the European External Action Service, which could further strengthen EU coordination in the field.⁵⁵

On the other hand, it can also be argued that **progress may be hard-fought** in practice:

- Recent evaluations signal a lack of consensus on the relevance of developing a common European approach that would take EU-level coordinating in development cooperation beyond information sharing, both at the EU headquarters level and in the partner countries. This point was also strongly emphasised in the workshops that have been organised in the context of this initiative. Evaluations also show results are being achieved in other EU policy areas, where there are relatively clear regulations and operational mandates for coordination.⁵⁶
- Whereas some member states are indeed making progress on cross-country complementarity, it is clear that these steps are not made following extensive EU coordination, but are the result of independent foreign policy decisions.
- Contractual, legal and bureaucratic issues also hamper progress, as some donors cannot delegate the management of funds to other donors, and/or operate with different funding cycles.
- Some partner countries perceive the Code of Conduct as a top-down, imposed agenda, adding up to an already very demanding 'aid effectiveness agenda'. Some also expect overall aid levels to reduce once certain donors phase out (part of) their support, which could also lead to 'sector orphans'.
- Some partner countries also feel that they do not have the capacity to start and maintain momentum of the division of labour exercise. Linked to this, some fear a situation where donors would coordinate among themselves, rather than under their leadership. This view can be said to be partly supported by the fact that most discussions so far have been of a Eurocentric nature.
- Despite the many strong and concerted EU initiatives that have been taken, Member States have so far only made exploratory and initial steps to identify their comparative advantages vis-à-vis their colleague Member States and the Commission.
- The Code of Conduct itself does not provide much guidance beyond explaining that

⁵⁵ For more information, please refer to the WECA fiche on the Lisbon Treaty: <http://weca-ecaid.eu/>

⁵⁶ A synthesis report on six joint evaluations that looked into EU efforts to improve coordination, complementarity and coherence referred to the application of Article 96 of the Cotonou Partnership Agreement as a concrete example of this. For more information: www.three-cs.net

comparative advantages can be based on a wide range of issues (financial, geographic, thematic, ...) and by underlining that donor comparative advantages must be recognised both by the partner countries and the other donors. While lacking a definition, the document does feature 11 criteria to help in determining them.

- In the process of identifying comparative advantages, there is a need for involvement of relevant actors beyond the donor administrations. For instance, the past has shown that national parliaments can decide to radically shift the sector focus of EU donors.

To conclude, the content of this short briefing note suggests that the process of improving division of labour is essentially a political undertaking. Therefore, no amount of technical competence will suffice in the absence of political will to effectuate the main principles of the agenda. As it is clearly also a political issue in the partner countries, the EU should find better ways for 'selling' the code of conduct than the prospect of reduced transaction costs. Further to the realisation that division of labour is a means and not an end in itself, efforts should be made to better quantifying the developmental gains that could be attained via increased division of labour, or the loss of impact due to continued fragmentation.

Current challenges also underscore the need to better document and communicate existing practices, such as by means of the compendium currently in progress. Existing promising cases with the use of joint-assistance strategies highlight the need to invest in long-term, broadly-owned and country-led processes. The EU can invest much more in supporting capacity development in partner countries for leading such processes and support South-South learning in this context, while having a low track record in this area. Linked to this, independent mechanisms for comparative evaluation and/or improved availability of aid statistics are crucial to inform partner country choices and to further stimulate donors to perform.⁵⁷ Finally, the analysis underlines the need for the EU to further operationalise and specify its operational mandate for coordination in the field of development – particularly at the partner country level and including the role of the European Commission – in order to be able to cooperate more effectively with the partner countries.

This briefing note has been written by Niels Keijzer. The author would like to thank those EU officials and CSO representatives who provided comments on an earlier draft of this document.

⁵⁷ One such example is the Independent Monitoring Group in Tanzania, which undertakes biannual assessments of the Governments and its Partners: www.tzdp.org.or.tz/index.php?id=7

A more political EU external action in the Lisbon Treaty – What does it mean for the Future of EU Development Cooperation?

The implications of the Lisbon Treaty on the way development cooperation will be conceived and implemented are on everybody's mind when it comes to discussing "Wither EC Aid". Among the most important issues that arise are the ways in which the institutional innovations will play out in practice, for example in the implementation of the recently launched Joint Africa-EU Strategy – a case of "new style" development cooperation: "beyond development" and "beyond aid".

Context

The Lisbon Treaty marks the latest phase of the gradual transformation of the EU from a rather inward looking community to one with ambitions to be a global player. This is reflected in a significant expansion of the overall aims of the EU, including the eradication of global poverty. The Lisbon Treaty represents the EU shifting the emphasis from peace, well-being and prosperity within the EU to a concern with addressing global challenges.

The Lisbon Treaty was signed in December 2007. If ratified this year, it will bring about most of the changes proposed by the Constitution in 2004 to further European integration. The Treaty introduces a number of institutional changes which should lead to further integration. Many new areas will be communitarised, co-decision will be the standard legislative procedure and as such qualified majority voting will be extended to more than 40 areas. As a consequence, the Treaty extends the role of the European Parliament. The Treaty has some provisions allowing for various speeds of integration and different intensities of cooperation in response to calls for differentiated integration and institutional set-up adequate to progressive enlargement and increasing diversity of interests.

Provisions on Development cooperation in the Lisbon Treaty

The Treaty of Lisbon clearly states that the fight against poverty is at the heart of the Union's development cooperation policy: *“Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty.”* This focus is a major change from the current provision, which mentioned three other aims on equal footing.

Language in the Treaty about **Policy Coherence for Development** remains literally unchanged, requiring other EC measures to be consistent with development policy. But given the new focus on poverty reduction, the claim to take into account the objectives of development cooperation in policies likely to affect developing countries has become a much stronger demand. Focus on poverty reduction together with the coherence requirement also implies that development policy is a policy in its own right, and not merely an accessory of common foreign and security policy. However, the coherence article remains to be located in the section on development cooperation.

The other areas of external action merely have to be “consistent” with each other. **The consistency requirement has been strengthened** somewhat to go beyond consistency within external action to stress consistency between external action and other policies. **The overarching objectives of the Union's external action** will for the first time mention *“to foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty.”* This implies that the Common Foreign and Security Policy (CFSP) but also external aspects of other EU policies share inter alia the aim of poverty reduction in developing countries. Development cooperation and humanitarian aid remain “shared parallel competences” between the EU and its member states. Hence, it is crucial that the **complementarity and coordination** provisions have been strengthened in the Lisbon Treaty. A new element is that complementarity goes both ways: Previously the Community had to complement MS development policies, now the two “complement and reinforce each other”.

The big news for the EU's external action

Below is a summary of the Treaty's main changes in external action that will affect both the design of development policy and the implementation of development cooperation:

- The scope and ambition of the EU's external policy has been elevated to a new level by the Lisbon Treaty. A new **Chapter on external action** in the Treaty on the European Union – including CFSP and the community areas - is opened by an article on **principles**. Somewhat mirroring the doctrine of the European Security Strategy 2003, this article captures some fundamental values, such as human rights and democracy, but also entails some of the aspects that have given rise to the term “soft power” for the EU. This includes the recognition of global problems that demand global solutions as well as the commitment to multilateralism and foreign relations based on the rule of law.

The key article on development cooperation now and in the Lisbon Treaty

Treaty of Nice TEEU, Article 177

1. Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster:
 - The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them,
 - the smooth and gradual integration of the developing countries into the world economy,
 - the campaign against poverty in the developing countries.
2. Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.
3. The Community and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.

Treaty of Lisbon TFEU, 208

1. Union policy in the field of development cooperation shall be conducted within the framework of the principles and objectives of the Union's external action.
The Union's development cooperation policy and that of the Member States complement and reinforce each other. The Union's development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.
2. The Union and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.

- The new **HRFASP** will be “double-hatted”, being responsible for the communitarised areas of external relations as Commissioner for External Relations and Vice-President of the Commission, and chairing the newly established **Foreign Affairs Council**, which will be separated from the General Affairs Council. It is unclear, in which forum development, trade and enlargement topics previously dealt with by the GAERC will be treated. The HRFASP will prepare and ensure implementation of

the CFSP, represent the EU in CFSP matters and international organisations, conduct political dialogue and - together with the Council - *“ensure the unity, consistency and effectiveness of action by the Union.”*

- The HRFASP will be assisted by a **EEAS**. It will comprise members of the Council Secretariat, the Commission and seconded diplomats from the member states.
- The HRFASP and the EEAS are designed to provide the EU with a stronger political profile and an **increased capacity to act consistently on the world scene**. The role of the HRFASP, bridging the community and intergovernmental spheres and heading all areas of external action has a potential for improving coherence in external relations. This is especially relevant in relation to the expansion of the EU’s civil and military crisis management missions - including new mention of joint disarmament operations and conflict prevention for the first time be covered under a separate Common Defence and Security Policy (CDSP) article.
- The status of the **Delegations** will be enhanced significantly by the Lisbon Treaty. As the EU will attain a legal personality, the Delegations will also have legal personality enabling them to represent the EU in the full range of EU competencies. This implies combining into one service the Council’s Delegations (i.e. in New York) with the Commission’s Delegations worldwide. Under the authority of the HRFASP, the EU Delegations are required to cooperate closely with the member states’ representations. In addition to ensuring that the EU’s policies are complied with and implemented. The Delegations will also be required to “contribute to formulating” these policies.
- The Lisbon Treaty will make for more continuity of policy priorities and a stronger profile in external action through the new post of the **President of the European Council, elected for two and a half years**, replacing the six-month rotational presidency in foreign relations. The President will play a role in representation in CFSP matters and in crisis situations. There will be a Secretary-General of the European Council, whose role and function is different from the one of the HRFASP, but the HRFASP “shall take part in its work”. The European Council will determine the strategic interests and objectives for all EU external action by unanimity, on the basis of Council proposals (previously only for the CFSP).
- The **European Neighbourhood Policy (ENP)** has received a new level of recognition in the Lisbon Treaty. This confirms the reality of the current intensification of the ENP.

- With the Lisbon Treaty the EU has arguably given its mission of strong promotion of global **trade liberalisation**, a new level of significance. The Treaty of Nice included *“the smooth and gradual integration of the developing countries into the world economy”* as one objective of development cooperation. While in the Treaty of Lisbon the only objective mentioned in the section on development cooperation is poverty reduction and eradication, the over-arching objectives of external action include to *“(e) encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade”*. The adjectives *“smooth and gradual”* were lost in this rearrangement, which is being interpreted by some as an ideological shift. In addition, bringing trade – including trade in services, foreign direct investment and intellectual property rights – under exclusive EU competence mostly subject to the co-decision procedure, we can expect the EC to continue to push for broad liberalisation as already seen in the EPA negotiations. At the same time, there are concerns that the Lisbon Treaty will reinforce the EU’s generally protectionist agriculture policy which has a clear impact on developing countries. Bringing the Common Agricultural Policy under the co-decision procedure will give increased influence to the EP, which may not necessarily result in a ‘pro-poor’ development CAP reform in the future.

Where do we stand now?

Politicians and diplomats are trying to keep discussions low key until the Lisbon Treaty has been ratified by all member states. The most critical moment will be the referendum in Ireland in late May or early June 2008, but even after that ratification could become a problem if the domestic political climate is not favourable in some Member States.

However, behind the scenes at the Commission and in member states’ foreign and development ministries, reflections on the implications of changes brought about by the Lisbon Treaty and preparation of positions on the modalities and details of their implementation are being stepped up.

The Lisbon Treaty leaves many aspects of the institutional set-up open to be defined by the European Council and the HRFASP. Debate on the timing of the appointments of the three top leaders, the President of the European Council, the HRFASP and the President of the Commission is on-going. The EP argues that those decisions should take into account the results of the European Parliament elections in June 2009. Others think that the HRFASP has to be on the job as soon as possible in order to move reforms forward. A deal on the three top posts is expected to be tabled during the French presidency of the EU in the second half of 2008.

The practical side of the EEAS remains very much in the dark. A Joint Progress Report on preparatory work for the EEAS was submitted to the European Council already in 2005. This report stated that the EEAS should be of “sui generis” nature – meaning that it will not be a new institution “*but a service under the authority*” of the HRFASP, probably functioning as an interface for the three staff sending parties (Council, Commission, MS). Member states agree that the EEAS should consist at least of the relevant services of the Council Secretariat (Directorate General and Policy Unit) and of the Commission (DG RELEX). It is unclear if areas such as enlargement, neighbourhood and development policy will be integrated in the EEAS. The Union Delegations should be “*integral part of the EEAS*”, but this “*does not necessarily imply that all staff working in the Delegations would need to be members of the EEAS.*” Preparatory work on the EEAS should begin in 2008.

Issue arising for the future of EU development cooperation

The reception of the Lisbon Treaty among development practitioners has been mixed. On the positive side, principles and structures would improve:

- **Development cooperation and humanitarian aid have been strengthened as EU policies in their own right with their own objectives of poverty reduction and meeting humanitarian needs.**
- Some argue that **development cooperation has a lot to gain from a more political approach** as backed up by the Treaty. The EU’s approach of an external action based on subscription to the rule of law, to multi-lateral solutions to global problems and to international solidarity has a unique potential in promoting development through a whole of government approach.
 - With the recognition that institutions are key for development and poverty reduction, comes the need for a more political approach in cooperation with partner

- countries. The new policies, such as Programme Support, the Governance Initiative, the Extractive Industries Initiative etc., need the political backing of the EU as a global actor.
- Europe is the largest global economic power in trade, investment and development aid. A combination of external action instruments to address global challenges - rather than only development cooperation as a technical and often marginal exercise - has the potential of counter-weighting the influence of strong business interests, hard powers and emerging donors in Africa.
 - The Treaty has a potential to streamline and **rationalise the EC development architecture**. There are various options of how to address the current multiplicity of instruments with thematically and regionally overlapping coverage managed by fragmented structures:
 - Calls for **uniting all EU development policies** under one Directorate General (DG) have re-emerged after the signing of the Treaty. Merging DG EuropeAid and DG DEV, bringing policy formulation and implementation together, should increase effectiveness. Uniting the development programmes of DG RELEX and DG DEV under the responsibility of the Commissioner for Development would increase thematic coherence. The issue arises if the DG responsible for development would retain a rather geographical than political role or if it would in fact be another DG RELEX working with development countries. Such reflections are premature as everything will depend on the nature of the EEAS, which i.e. was proposed to integrate the Council Secretariat's geographical desks with the political desks in DG RELEX, DG DEV and DG Enlargement as political advisory units to the Commission.
 - The incorporation of the EDF in the EU budget - **“budgetisation”** - is back on the agenda through the deletion of an article which now excludes the EDF from the reach of that Treaty.
 - Further **deconcentration** of development cooperation is desirable and would be logical in the context of the newly empowered Delegations.
 - The new role of the **Union Delegations** in connection with the EEAS will have significant and wide ranging effects on implementation of development cooperation. The fact that DG Development and DG EuropeAid are not involved in the discussions on reforms expected after the ratification of the Treaty, highlights the danger that development cooperation priorities and needs will not be sufficiently taken into account in the set-up of the EEAS and the potential reforms within the Commission Services;

- The EEAS will have effects on the power balance within Delegations: Should development cooperation personnel not be integrated into the EEAS, while the Heads of Delegations will be double-hatted, the Heads of Cooperation may find themselves in a position of having to defend developmental priorities against more short term foreign policy objectives. Also, respective staff could end up marginalised within the Delegation, in violation of the whole-of-government approach. In addition, there would be competency overlaps and high transaction costs for a new cross-body communication and coordination.
- If the development cooperation staff is part of the EEAS, the fear is of instrumentalisation at the service of a diplomatic agenda. However, reflecting the situation at the level of the College of Commissioners, the integration of development in the EEAS provides the opportunity to give credit to the increasingly political nature of the EU's relationship to many ACP countries. Diplomats are clearly needed vis à vis countries such as Ethiopia and Sudan, where the security development nexus is most apparent.
- The stronger role of EU Delegations will affect the power balance in the cooperation among EU embassies and the EU Delegations in partner countries. On the technical side, member states may be more willing to delegate cooperation or channel funds for budget support to those upgraded Delegations with a higher capacity and stronger mandate for political dialogue. On the political side, member states feeling threatened that the EU might take too much political space may be less willing to engage in division of labour if that would mean withdrawing or cutting down activities.

However, the following risks for development can be identified:

1. **The Treaty leaves more open than it clarifies.** This holds the danger of increasing incoherence through a proliferation of overlapping activities by a multiplicity of actors. I.e. there is a danger of competition among three leaders in the field of external action, in between the HRFASP and the President of the European Council because they are both responsible for representation in CFSP matters and between the HRFASP and the President of the Commission because of the ambiguous reporting position of the HRFASP. There is a **need to clarify the roles, responsibilities and hierarchies** by legal acts as soon as possible. Such regulations should be the result of a broad consultation in the spirit of the new multi-dimensional external action.

2. Following the ratification of the Lisbon Treaty, the number of Commissioners will be reduced from 27 to 18 by 2014. Some warn of the loss of a **Commissioner for Development Cooperation**. This would be a major issue, as all lead countries in terms of living up to Monterrey commitments have a Minister for Development, standing up for the cause in the Cabinet. It is however likely that Development will retain its Commissioner.

3. There is a strong concern that the consolidation and increased politicisation of the EU external action and CFSP risk **“sidelining commitments on development”**.⁵⁸ Given a lack of agreement among EU member states on a clear vision and objectives for development cooperation, as ascertained by the “Wither EC Aid” project, there are concerns that the role of poverty reduction in the policy mix of the EU’s external action is under threat. Worse than that, NGOs fear that development cooperation and the funding allocated for it could be instrumentalised to reach foreign policy objectives. It remains to be seen if the HRFASP – appointed by the European Council, which can also dismiss him - can resist the pressure to primarily expand the inter-governmental space rather than promote community policies as a kind of primus inter pares in the college of Commissioners. This concern is compounded by the fact that no additional funding seems to be forthcoming to match the more ambitious structure and policy in the CFSP area.

4. The **relationship between Development Commissioner and the HRFASP** will impact on the status and implementation of development cooperation. One concern is that there could be a hierarchy of Commissioners with senior and junior members of the College or a subjugation of all other external action DGs to a predominant DG RELEX promoting security-driven or influence-asserting politics. However, it seems clear that the Development Commissioner will be on an equal footing with other RELEX family Commissioners, to be coordinated by the HRFASP. The question of power relations will to a large extent depend on who controls community spending, the Commission or the HRFASP and the EEAS and on the area and extent of responsibility handed over to the EEAS.

5. Further criticism comes from the language in the Treaty on EU trade and agriculture policies and their potential impact on developing countries, as already stated above.

58 BOND (November 2007) “International Development and the new EU Reform Treaty”, p2.

6. The new prominence given to the **ENP** in the Treaty raises some concern with regard to its contradiction to the postulation to “treat Africa as one” of the Joint EU-Africa Strategy. The ENP offers “*a deeper political relationship and economic integration*”.⁵⁹ The implications for African integration are not at all clear, but it cannot be excluded that potential benefits of the privileged relationship to North Africa would have positive spill-over effects within Africa.
7. The **Joint Africa-EU Strategy** probably exemplifies best the trend towards a multi-dimensional approach to development cooperation, which has merely received recognition in the Lisbon Treaty. The double-hatted new institutions should support this approach. The EU has gained a number of competencies, such as in migration and security policy that will allow it to actually represent the EU MS and move ahead in the Strategy’s eight partnerships. The implementation of the Joint Strategy will be an exercise in EU coherence par excellence, from which lessons can be learnt in the future. The Council is currently working on a set-up to ensure policy coherence between the myriad of Council working groups dealing with Africa and the policy areas of the eight partnerships and between the Council, the Commission and the MS.

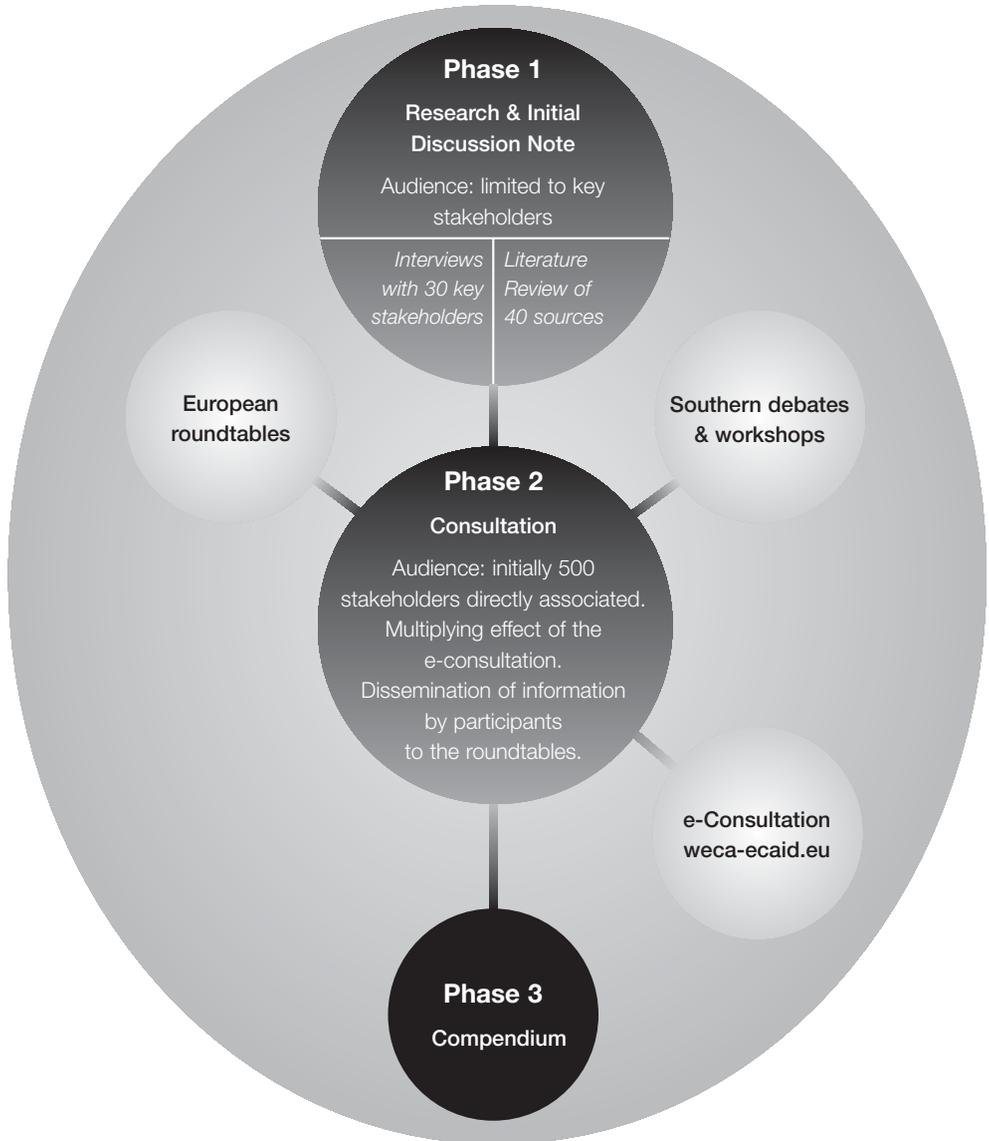
This briefing note has been written by Eleonora Koeb. The author would like to thank those EU officials and CSO representatives who provided comments on an earlier draft of this document.

59 “The Policy: What is the European Neighbourhood Policy?”, http://ec.europa.eu/world/enp/policy_en.htm

Chapter V: Annexes



Annex 1: The dynamic of a consultative process



Annex 2: Interview questions

Interviews took place during the first phase of the project. About 35 people from different institutions and non state organisations from Europe and developing countries have been asked to answer the following questions. They have not prevented from an open discussion with the interviewees but are proposed in order to allow for a more systematic analysis afterwards. Confidentiality was guaranteed to the participants.

- 1. Added value:** How would you qualify the added value of EC aid compared to Member State or other multi-lateral aid channels especially in relation to the Poverty reduction aims of the EU's Development Policy (procedures; instruments; field management; focus)?
- 2. Aid allocation mechanisms:** What in your experience are the strengths and weaknesses of the geographical and sector based & thematic allocation mechanisms behind EC aid?
- 3. Efficiency of delivery process:** How efficient are the processes through which EC aid is delivered? What is the strongest criticism that comes to your mind when assessing these processes (delivery time, transparency, etc)? Do you have a 'success story' in mind? We should certainly bear in mind not just the efficiency of the donor, but also efficiency of different modalities: e.g. aid delivered via global funds, via new "initiatives" (water fund, infrastructure, etc.) via NGOs, via thematic programmes etc.
- 4. Effectiveness:** In your opinion, how effective is EC aid? What factors do you feel are important in measuring effectiveness (name three)? To what extent does EC aid not yet conform to the recommendations in the Paris Declaration, especially compared to other donors? For example, how does EC aid compare when tackling the gender equality objectives set in key EC policy documents? Do you have a view on the effectiveness of different types of aid modalities (e.g. project aid, food security, budget support...)?

- 5. Ownership and partnership:** Based on your experience, in how far does EC aid reflect the principles of ownership and partnership: please comment on any differences between the conception of ownership and its translation into implementation?
- 6. Coherence, complementarity, coordination (3 Cs):** How strong is the EC in implementing the three Cs, and how does it influence the quality of aid? To what extent does the EC cooperate effectively with other donors?
- 7. Accountability:** To what extent is the EC accountable to its stakeholders for the results of its aid? Are the accountability mechanisms adequate for the different stakeholders? (EU Member States, the EP, partner countries, the European public, non state actors, etc.)
- 8. Monitoring and evaluation:** Based on your experience, how are monitoring and evaluation used in the EC aid system, and do they help improving it? Are there adequate methods in place to use the knowledge gained from M&E, including for partner governments and NGOs? Can you give examples or ideas?
- 9. Change:** Based on your experience and knowledge, can you propose 3 suggestions for change in EC aid to better address poverty reduction?

Annex 3: Bibliography

This bibliography concerns ONLY sources that were reviewed for input into the initial discussion note. A distinction is made between publications from official institutions such as the European Commission and the OECD on the one hand, and publications from non-official institutions such as NGOs and think tanks on the other hand. The overall list of sources for the project is updated continuously, based on suggestions, on-going research and relevant publications emerging in the course of the project.

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Annex 4: Recommendations

Recommendations for changes to EC aid policies and practice

The following is a list of recommendations that were made during the interviews in response to our request to stakeholders to propose 3 suggestions for change in EC aid to better address poverty reduction. These points have simply been listed below without any additional analysis on the part of the authors.

Added Value of EC Development Cooperation

- Improve the focus of EC Aid (primary targets, poverty reduction).
- Improve the common understanding of the key concepts in a practical way (poverty reduction etc.) and of the hierarchy between different objectives.
- Disaggregate the understanding of poverty (chronic, according to vulnerable groups, in fragile country, etc.) with a process sense (not just quantifying assets).
- Use more systematically the global (UN, MDGs) norms as a basis for the development policy .
- Untying aid at the European level.
- Organising EU aid around common objectives and country strategies, with unified delivery mechanism.
- Establishing one ‘European House’ in each country instead of many embassies and aid programme operating in competition.

Policy, Budget and Institutional Architecture for EC Development Cooperation

- Change the understanding of aid monitoring and effectiveness.
- Need for material based on what is going on in practice to feed stronger debate at EU Council of Ministers debate before Accra.
- Improve the recruitment and training of staff involved with development policy .
- Launch research with different stakeholders to improve impact measurement tools
- Improve integration of horizontal issues.
- Increase devolution of responsibilities to the field.
- Change from a disbursement logic to a performance logic.

Policy reform and implementation

- Focus on achieving joint programming.
- Focus on delivering and implementing new ‘frameworks’ (mechanisms, policy guidelines, etc).
- Keep the work on coherence and adapt the perception between policies and impact on poverty reduction.
- Use EDF 10 as a test case on a number of key issue (joint programming; division of labour in practice and better ownership of the governance agenda).

Accountability and monitoring for impact

- Change relation around aid: trust, dialogue, accountability including public information.
- Collective effort to widen and deepen the debate on EC Aid (MS, EP, NGOs) beyond the usual obligatory and rather consensual exercise.
- Support the engagement of civil society in debates, but also in programming and implementation.
- Shared responsibility and accountability requires effort to stimulate interest in the policy (including within the European and national Parliaments).
- Increase public awareness on EC development cooperation in the EU and in partner countries.
- Promote a more informed debate on whose ownership.
- Clarify what is expected in terms of monitoring/reporting by ‘users’.
- Integrate common challenges with the partners without instrumentalising them.
- Need to step out from a bilateral EC-government relation and involve other stakeholders (parliaments, local authorities, NGOs) in programming, monitoring, evaluation etc.

Annex 5: List of interviewees

(conducted from June till October 2007)

Name	Function
H.E. Mahamet Annadif	Ambassador African Union Permanent Mission in Brussels
Rein Antonissen	European Policy Officer, 11.11.11
Denise Auclair	European Development Policy officer, CIDSE
Luc Bagur	HoU Organisation strategies, aid effectiveness and relations with bilateral donors, EuropeAid, European Commission
Tamsyn Barton	Head of EU Department, in International Institutions Division UK Department for International Development
Nick Charalambides	Consultant, Sustainable Commerce and Public Policy Botswana
Jean-Louis Chomel	Head of Unit, Evaluation, EuropeAid
Olivier Consolo	Director, CONCORD, Confederation of European Development and Relief NGOs
Paul Culley	Director, Direction Cooperation and Trade Council of the European Union
Dominique David	Head of Unit, Coord. Intra-ACP and OCTs, pan- African issues and horizontal aspects, EuropeAid, European Commission
Frank de Wispelaere	Adviser, Head of EU division Federal Service Foreign Affairs Ministry of Foreign Affairs, Belgium
Jean-Michel Debrat	Deputy Chief Executive Officer, Agence Française de Développement, France
Christian Freres	Associate Researcher, Instituto Complutense de Estudios Internacionales, Spain
H.E. Dr. Patrick I. Gomes	Ambassador, Embassy of Guyana to the EU
Friedrich Hamburger	Head of Delegation, European Commission Delegation, Thailand

Name	Function
James Hradsky	Review and Evaluation Division, Development Co-operation Directorate, OECD
Glenys Kinnock, MEP	Member of the European Parliament, Co-Chair of the ACP-EU Joint Parliamentary Assembly
Stefano Manservigi	Director-General, DG Development, European Commission
Simon Maxwell	Director, Overseas Development Institute (ODI), UK
Françoise Moreau	Head of Unit, Forward looking studies and policy coherence, DG Development, European Commission
Dimitrij Pur	Adviser, Permanent Representation of the Republic of Slovenia to the EU
Gary Quince	Director, Sub-Saharan Africa, Caribbean, Pacific, EuropeAid, European Commission
Patrick Rabe	Ministry of Foreign Affairs, Sweden
Prof. Dr. Robrecht Renard	Institute of Development Policy and Management, University of Antwerp
Karine Sohet	Policy and Information Officer, Aprovev
Henri Bernard Solignac Lecomte	Head of Unit, External Co-operation and Policy Dialogue, OECD Development Centre
Laurent Toulouse	Conseiller des Affaires Etrangères, chef du bureau des Affaires européennes, cabinet du ministre délégué à la Coopération et à la Francophonie
Eric Van Der Linden	Head of Delegation, European Commission Delegation, Kenya
Sam Vuthy	Womyn's Agenda for Change (WAC) - Cambodia
Tennysson Williams	Country Director, ActionAid Sierra Leone

Annex 6: Timeline Briefing notes

<i>International process</i>		<p>International Forum on CSOs and aid effectiveness to prepare for Accra arranged by Advisory Group on Civil Society and Aid Effectiveness (AG), Guatineau, Québec, Canada (3-6 Feb)</p> <p>Aid Effectiveness discussion in DEVE on the follow up or the Paris Declaration (26 Feb)</p>	<p>European Council, Brussels (13-14 March)</p> <p>15th ACP-EU Joint Parliament Assembly, Ljubljana (15-20 March)</p> <p>First draft of the Accra Action Agenda</p> <p>EURODAD - GMF roundtable on aid effectiveness, Brussels (18 March)</p>
<i>WECA process</i>	<p>Roundtable at DG Development, European Commission, Brussels (17 Jan)</p> <p>Wilton Park conference “European Development Policy: Aid Effectiveness and Key Priorities”, UK (21-24 Jan)</p> <p>Roundtable at the Netherlands Ministry of Foreign Affairs, the Hague (30 Jan)</p>	<p>Roundtable in Dublin, Ireland (4 Feb)</p> <p>Roundtable in Madrid, Spain (22 Feb)</p>	<p>Roundtable in Kigali, Rwanda (3-4 March)</p> <p>Roundtable at AidCo, European Commission, Brussels (12 March)</p> <p>Roundtable in Colombo, Sri Lanka (13 March)</p> <p>Workshop on Budget Support with EC and EU NGOs, Brussels (27 March)</p> <p>Roundtable at Sida, Stockholm, Sweden (31 March)</p>
	<i>January</i>	<i>February</i>	<i>March</i>

2008

<p><i>International process</i></p>	<p>OECD-DAC Working Party on Aid Effectiveness and Donor Practices meeting, (2-3 April) EC communication outlining the EU contribution to the HLF in Accra in September Regional Preparatory Events leading up to HLF in Accra: Organised by Regional Development Banks, UNDP and other interested partners This is taking place:</p> <ul style="list-style-type: none"> • For Pacific Island countries, Fiji (4-7 April) • For Southeast Asian countries, Bangkok (21-22 April) • For African countries, Kigali (28-30 April) 	<p>GAERC with development focus (26-27 May) ACP-EC Council of Ministers session (end of May) Regional Preparatory Events i leading up to HLF in Accra: Organised by Regional Development Banks, UNDP and other interested partners This is taking place:</p> <ul style="list-style-type: none"> • For South Asian countries, Bangkok (5-6 May) • For Central and West Asian countries, Bangkok (8-9 May) • For Central and Latin American countries, Washington (19-23 May) • Middle East countries, <i>date tbc</i>
	<p><i>WECA process</i></p>	<p>Roundtable in Rome, Italy (15 April) Roundtable with EU MEPs, Brussels (17 April) Roundtable in Copenhagen, Denmark (21 April) Roundtable, Banjul, Gambia (28-29 April)</p>
		<p>April</p>

International process	<p>European Council, stocktaking of report on MDG progress, Brussels (19-20 June)</p> <p>Final draft of the Accra Action Agenda (June-July)</p>	<p>Start French EU Presidency</p> <p>OECD-DAC Working Party on Aid Effectiveness and Donor Practices meeting (2-3 July)</p> <p>EuropeAid Annual Report 2008 to be published</p>	<p>CSO special forum on the HLF, Accra (31 Aug – 1 Sept)</p>	<p>Third High Level Forum on Aid Effectiveness, Accra (2-4 Sept)</p> <p>EC annual report on EU aid levels before Accra meeting</p>
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WECA process				<p>Final Report and Launch Event</p>
	June	July	August	September

2008

Annex 7: Lists of participants at the roundtables

Roundtable with EU NGOs, Brussels, 18 December 2007

Name	Organisation
Karine Sohet	Aprodev
Alwin Loeckx	Concord secretariat
Lucy Hayes	Eurodad
Javier Pereira	Eurodad
Donatella Rostagno	Eurac
Siân Platt	World Vision
Deepali Sood	Plan
Julia Ojanen	Plan
Sally Nicholson	WWF
Liz Steele	Care
Salvatore Parata	IFTDH
Lars Bosselmann	CBM
Marta Monteso	ActionAid

WECA Core Team: Joanna Maycock, Gwénaëlle Corre, Alessandro Bozzini

Roundtable at DG Development of the European Commission, 17 January 2008

Name	Position, Unit
Mr Marinus Baan	Head of Unit, Economic Governance and Budget Support
Mr Pieter Bangma	International Coordination Officer – Civil Society and NGO Liaison, EU and ACP Institutional Relations and Civil Society
Mr Alexander Baum	Head of Unit, EU and ACP Institutional Relations and Civil Society

Ms Filipa Corte-Real	Trainee, EU and ACP Institutional Relations and Civil Society
Mr Julian Hamilton-Peach	Policy Officer, Forward Looking Studies and Policy Coherence
Mr Patrice Lenormand	Policy Desk Officer, Aid Effectiveness and Relations with Member States and EEA States
Mr Antonio Lopez Pena	Deputy Head of Unit, Aid Effectiveness and Relations with Member States and EEA States
Mr Ricardo Maggi	Policy Desk Officer: Development, Monitoring and Programming; Economic Governance and Budget Support
Mr Stefano Manservigi	Director-General
Ms Françoise Moreau	Head of Unit, Forward Looking Studies and Policy Coherence
Mr Bernard Petit	Deputy Director-General
Mr Klaus Rudischhauser	Director, ACP I – General Affairs
Ms Deborah Schoenmaekers	Aid Effectiveness and Relations with Member States and EEA States
Mr Philippe Van Damme	Group Coordinator EDF Programming, Aid Programming and Management

Wilton Park Conference

More information on this conference can be found here:

www.wiltonpark.org.uk/themes/regions/conference.aspx?confref=WP893

Roundtable at Netherlands Ministry of Foreign Affairs, 30 January

Name	Organisation	Position
Maarten Brower	DEK (Effectiveness and quality)	Director
Jeroen Doorman	DIE (European Integration)	Policy Advisor
Marche Gerrmann	FEZ (Financial and Economic Affairs)	Coordinator ODA
Jan Klugkist	DIE (European Integration)	Policy advisor, Team Leader
Nicole Maes	DIE (European Integration)	Policy Advisor

Sonia van Nispen	Harmonisation/ Effectiveness, DEK (Effectiveness and Quality)	Policy Advisor
Welment van Aardenne	AIV (Advisory Council on International Affairs)	Deputy Head of Human Rights Division
Mr Bram van Ojik	IOB (evaluation)	Director
Mr Stefan van Wersch	DIE (European Integration)	Head of EU External Policy Division

Roundtable in Dublin, Ireland, 4 February 2008

Name	Organisation	Position
Aoife Black	Trocaire	EU Policy and advocacy Officer
Albha Bowe	ActionAid Ireland	Policy Officer
Eamonn Casey	Dochas	Policy Officer
Nessa ni Chasaide	Debt and Development Coalition	Coordinator
John Fleming	SightSavers	Head of Sight Savers in Ireland
David McNair	Christian Aid Ireland	Policy and Advocacy officer
Sean Tipper	IrishAid	Policy Officer
Olive Towey	Concern Worldwide	External Relations Policy Officer
Clione Weldon	TRAIDLINKS	Project Manager Promotion and Awareness Raising
Graham Whitehead	Comhlamh	Interim Director
Hans Zomer	Dochas	Director

Roundtable in Madrid, Spain, 22 February 2008

Name	Organisation	Position
Anna Ayuso	Fundació CIDOB	Coordinator Latin America Programme
Lourdes Benavides	Independent Consultant	-
Juana Bengoa	CONGDE	Gender and Development Representative
Miguel de Domingo	FIIAPP	Head of Unit MEDA and Africa
Mencía de Lemus	Ayuda en Acción	EU & International Organisations Officer
Eva Garzón	DGPOLDE	Technical Advisor
Carmen Gonzáles	Intermón Oxfam	Responsible for Relations with the Spanish Parliament and EU
Percival Manglano	Comunidad de Madrid	Director General
Marta Marañón	DARA International	Deputy Director
Ana Martín	Acción contra el Hambre	Responsible for Quality
Stefan Meyer	FRIDE	Researcher
José Moises Martín	ACSUR Las Segovias	Director
Mayra Moro-Coco	Ayuda en Acción	Global Health Advocacy & Policy
David Ortiz	CONGDE	EU Board Member
Gabriel Reyes	CITPax	Project Coordinator
Nils-Sjard Schultz	FRIDE	Researcher
Eduardo Soler Cuyás	CONGDE	Vicepresident II
Javier Sota	CECOD / CEU University	Institutional Relations Director

Roundtable in Kigali, Rwanda, 4 March 2008

Kayitenkore Mugeni	EC Delegation in Rwanda
M. Dipak	DFID
Oswald Rutumburana	National Unity and Reconciliation Commission
Venantie Mukankusi	HAGURUKA
Venant Nzabonimana	Christian Aid
Faustin Vuningoma	CCOIB
Jules Nahimana	CLADHO
Philip Christensen	Care International
Felix Bigabo	Prison Fellowship Rwanda
Thadee Karekezi	Rwanda Civil Society Platform
Francine Rutazana	ACORD
Theresa Karugwiza	ActionAid Rwanda
Willy Mwanafunzi	Faith Victory Association
Rose Mukantabana	ActionAid Rwanda
Francois Hitayezu	ActionAid Rwanda
Etienne Ndayambaje	ActionAid Rwanda

Roundtable at the DG EuropeAid of the European Commission (Aidco), 12 March 2008

Name	Organisation	Position
Luc Bagur	European Commission, Europeaid	Head of Unit 01, Organisation strategies, Aid effectiveness and relations with bilateral donors
Aristotelis Bouratsis	European Commission	Director of Unit F1, Thematic operations
Jean-Louis Chomel	European Commission	Head of Unit 03, Evaluation

Dominique David	European Commission	Head of Unit C3, Coordination Intra-ACP and OCTs, pan-African issues and horizontal aspects
Dominique Dellicour	European Commission	Head of Unit E4, Governance, security, human rights and gender
Marco Formentini	European Commission	Programme Manager, Unit E1, Macro-economic support
Mehtabunisa Currey	European Commission	Unit 01, International Coordination Officer, Aid Effectiveness: coordination and harmonisation of EU donor practices
Jean-Louis Lacube	European Commission	Head of Unit E1, Macro-economic support
Koos Richelle	European Commission EuropeAid	EuropeAid Director-General

Roundtable in Colombo, Sri Lanka, 13 and 14 March 2008

Shelagh Savage	WUSC
Prashan Thalayasingam	Centre for Poverty Analysis
Jeff Fernhout	World Vision
Jonathan Johnson	World Vision
Vinod Krishnan-Deputy CD	Motivation
Ajantha Ismail	Institution of HR
Suranjan Kodithuwakku	Green Movement SL
Mahinda de Silva	Sewalanka
H.R.M. Shibly	CIDA
P. Leslie Cumming	UNHCR
Revanta Dharmarajah	UNAIDS
Christine Desbordes-Pelegrin	European Union
Karolina Hedström	European Union
Borja Miguélez	ECHO

Workshop on Budget Support, Brussels, 27 March 2008

Name	Organisation	Position
Frans Baan	DG Dev C3	Head of Unit Economic Governance and Budget Support
Jasmine Burnley	Concord	Aidwatch Coordinator
Nerea Craviotto	WIDE	
Lisas Crisostomo	Eurostep	Policy Assistant
Lucy Hayes	Eurodad	Policy and Advocacy Officer
Mascha Matthews	DSW	EU Liaison Officer
Sally Nicholson	WWF	Policy Officer
Martina Roth	World Vision	Trainee
Jean Saldanha	CIDSE	Policy Advocacy Officer
Florent Sebban	Coordination Sud	Programme Officer
Karine Sohet	Aprodev	Policy Officer
Deepali Sood	Plan EU Office	EU Rep.
Maylis Souque	DG Dev C3	National Expert for Economic Governance and Budget Support
Richard Weaver	EU Cord.	Advocacy Coordinator
Alexander Woolcombe	Oxfam	Advocacy Officer
Griet Ysewyn	European Parliament	Assistant to MEP Anne Van Lancker

Roundtable at SIDA, Stockholm, Sweden, 31 March 2008

Name	Organisation	Position
Karl Olof Andersson	Ministry of Foreign Affairs, Department for Asia and the Pacific Region	Deputy Director
Therese Brolin	Sadev	Research Fellow
Annette Elmqvist	SIDA, Division for legal services and procurement advice	Lawyer
Linda Eriksson	Ministry of Foreign Affairs, Department for Management and Methods in Development Cooperation	Trainee
Christian Fogelström	Ministry of Foreign Affairs, Department for Multilateral Development Cooperation	Desk Officer
Ulrika Grandin	Ministry of Foreign Affairs, Department for Multilateral Development Cooperation	Desk Officer
Emil Lidén	Ministry of Foreign Affairs, Department for Multilateral Development Cooperation	Desk Officer
Hanna Marsk	SIDA, Department for Policy and Methodology	Trainee
Patrick Rabe	Ministry of Foreign Affairs, Division for Global Development	Deputy Director, Head EU Coordination
Jan Robberts	Sida, Department for Policy and Methodology	Senior Adviser
Peter Sörbom	CONCORD Sweden,	EU Policy Officer
Erik Widman	Prime Ministers Office, EU Coordination Secretariat	Deputy Director

Roundtable in Rome, Italy, 15 April 2008

Name	Organisation	Position
Caterina Amicucci	CBRM	Representative for the Campaign for the Reform of the World Bank
Elisa Baciotti	Oxfam Intl / UCODEP	Policy Assistant
Valeria Baistrocchi	Ministry of Foreign Affairs	Diplomat
Farida Chapman	Oxfam Intl / UCODEP	Head of Campaigns Office at Oxfam International
Marta Guglielmetti	UN Millennium Campaign	Responsible for the UN Millennium Campaign in Italy
Alessia Isopi	Tor Vergata University	Sociology Professor
Elena Motani	EC Commission	Project Manager
Lele Pinardi	COSV / LINK 2007	Communication Officer
Filippo Scammacca	Ministry of Foreign Affairs	Head of Financial Cooperation
Iacopo Viciani	Action Aid Italy	International Policy Officer
Livia Zoli	Action Aid Italy	Policy Annalist

Roundtable at the European Parliament, 17 April 2008

Name	Organisation	Position
Melis Alguadis	Concord (Eurodad)	Advocacy officer
Alessandro Bozzini	European Parliament	MEP Assistant (Luisa Morgantini)
Jasmine Burnley	Concord	Aid Watch Coordinator
Sofie Parthonens	European Parliament	MEP Assistant (Johan Van Hecke)
Teresa Pereira	European Parliament	PSE Political Advisor
Anne Van Lacker	European Parliament	Member of European Parliament
Koorje Van der Loo	European Parliament	MEP Assistant (Maria Mertens)
Griet Ysewyn	European Parliament	MEP Assistant (Anne Van Lancker)

Roundtable at DanChurchAid in Copenhagen, Denmark, 21 April 2008

From ActionAid Brussels:

Joanna Maycock (Head of ActionAid office Brussels)

From ECDPM:

Gwénaëlle Corre (Programme Officer)

Name	Organisation
Christian Friis Bach	DanChurchAid
Per Bo	Danish EU-NGO Platform
Troels Dam Christensen	Danish 92 Group
Tania Dethlefsen	The Danish Family Planning Association
Lars Engberg-Pedersen	DIIS
Michael Gormsen	Danida
Marianne Haahr	CARE
Morten Emil Hansen	DanChurchAid
Nanna Hvidt	DIIS
Frans Mikael Jansen	MS Denmark
Eva Tommerup Johnsen	LO/FTF Council
Lars Kock	IBIS
Poul Nielson	Former Commissioner
Tania Schimmell	Danida

Roundtable in Banjul, The Gambia, 28-29 April 2008

From ActionAid Brussels:

Romain Philippe (Policy Assistant)

From ECDPM:

Gwénaëlle Corre (Programme Officer)

Sanna Bah	Africa Youth Coalition Against Hunger
Almamo Barrow	Action Aid The Gambia
Kalifa Bojang	Action Aid The Gambia
Arokey Bojang	World View The Gambia
Lamin M. Ceessay	Women' Bureau
Baboucarr Cham	Gambia Radio and Television Services
Alhagi Cham	The Association of Non-Governmental
Organizations	
Colin Clark	DFID Country Manager
Antoinette Corr-Jack	Gambia Teachers' Union
Kausu Darri	Department OF State for Trade, Industry
And Employment	
Musa Dumbuya	Gambia Radio and Television Services
Alice Evans	Action Aid The Gambia
Fatima Gai	Gambia Network of HIV/AIDS Support Societies
Dr. Siga Jagne	Pro-Poor Advocacy Group
Momodou A. Jagne	United Nations Development Programme
Basirou Jahumpa	United Nations Development Programme
Musa Jallow	Action Aid The Gambia
Kujejatou Manneh-Jallow	Action Aid The Gambia
Momodou Wuri Jallow	Action Aid The Gambia
Kadijatou Jallow	Action Aid The Gambia
Nyakassi Jarju	Action Aid The Gambia
Oli Jarju	MUTAPOLA (Group of Women Living with HIV/AIDS)
Njagga Jawo	National Women Farmers' Association
Sheikh Tijan Jeng	Gambia Radio and Television Services
Mariama Joof	Gambia Radio and Television Services

Alhagie Kebbeh	National Youth Association For Food Security
Paul K. Mendy	Department Of State for Basic and
Secondary Education	
Momodou Njie	National Authorizing Office – EC Support Unit
Yadicon Njie-Eribo	Gambia Social Forum
Lamin Nyangado	Action Aid The Gambia
Jainaba Nyang-Njie	Action Aid The Gambia
Fausto Perini	European Commission Delegation
Anders Pettersson	Future In Our hands
Carlos Rui Ribeiro	Action Aid Guinea Bissau
Kebba Sima	Action Aid The Gambia
Alieu Sowe	National Youth Association For Food Security
Mamadou Tangara	National Authorizing Office – EC Support Unit
Dr. Madi Touray	Alliance For Democracy in Africa

Southern consultations, 17, 22 and 30 May 2008

From ActionAid Brussels: Romain Philippe (Policy Assistant) – Interviewer

Christine Andela	Collectif des ONG pour la sécurité alimentaire et le développement rural (COSADER), point focal pour le Forum Les Jeudi de Cotonou
Moussa Faye	Action Aid Senegal
Laoual Sallaou	Eurodad Niger

Annex 8: List of participants in the video/radio files

- Per Bo, Coordinator of the Danish EU NGO platform comments on Budget Support.
- Maarten Brouwer, Effectiveness & Quality Director of the Directorate General for International Cooperation at the MFA of the Netherlands emphasises ownership.
- Marchel Gerrmann, coordinator of ODA, Financial and Economic Affairs Unit at the Ministry of Foreign Affairs of the Netherlands comments on the Code of Conduct.
- Stefan Meyer, Researcher, FRIDE about democratic ownership.
- Bram van Ojik, Director of the Evaluation Department of the MFA of the Netherlands talks about Harmonisation and Division of Labour.
- David Ortiz, EU Board Member, CONGDE, emphasizes the need to translate words into actions.
- Nils-Sjard Schultz, Researcher, FRIDE on Spains possible contribution to the EC policy.

Annex 9: Presentation of the website

WECA in practice

Participate

The website aimed to broaden the consultation by enlarging our audience and the possibilities for participation by encouraging inputs.

About WECA

The website has been used to disseminate the project's results and outputs, raise awareness, encourage inputs, and to provide additional information on the topic of EC aid effectiveness.

Initial Discussion Note

The initial discussion note is available in this part of the website. It is the result of the first part of the project, and represents the key elements emerging from a review of available literature and a series of interviews with around 30 decision-makers, practitioners and experts from both Europe and developing countries. The focus of the study is on the European Commission as a donor, policy maker and broker in European development cooperation.

The note served as a basis for stimulating further inputs from stakeholders. We have organised a series of roundtables in the EU and in partner countries to generate more interactive and open discussions about the role and effectiveness of EC Aid. It can be downloaded

Briefing notes

Three Briefing Notes have been issued reflecting the main topics that has been raised in the WECA roundtable discussions. The Briefing Notes aim to raise awareness and inspire further analysis on the topics of Budget Support, Division of Labour, and the Lisbon Treaty and development. They can be downloaded.

Roundtables

Roundtables and workshops (both in Europe and in the South) form a crucial part of the consultation phase of the Whither EC Aid project. Together with our own research, the results of the workshops fed into the final report on Whither EC Aid. The overall

objective of the proposed workshops was to *generate debates amongst small groups of interested stakeholders to contribute to reflections on the added value and effectiveness of EC aid*. Specifically the workshops aimed:

- To introduce the project and present the initial findings;
- To test these first findings to stimulate reactions and debate among the participants;
- To specifically discuss a few arising issues, determined in advance with the participants;
- To generate recommendations on how the quality of EC aid can be improved;
- To broaden the ownership of the process by asking participants to disseminate the discussion note and to invite different stakeholders to engage in the process;

Workshops were organised in Brussels, in a number of European capitals and in 3 countries in the South. Each workshop lasted half a day, and included around 10-15 participants. The initial discussion note served as a basis for the debates. The role of ECDPM and AAI chaired and facilitated the discussion as neutral brokers and to organised the workshop together with the organisation hosting the meeting. The list of participants and the roundtable reports can be downloaded.

Recommendations

A set of recommendations has been listed here. They were made during the interviews in response to our request to stakeholders to propose 3 suggestions for change in EC aid to better address poverty reduction. The points are listed without any additional analysis on the part of the authors.

Rolling bibliography

This bibliography distinguishes between publications from official institutions such as the European Commission and the OECD on the one hand, and publications from non-official institutions such as NGOs and think tanks on the other hand. The overall list of sources for the project has been updated continuously, until the Accra HLF in September 2008, based on suggestions, on-going research and relevant publications that emerged in the course of the project.

Video statements

A number of video messages are available.

WECA themes

EC aid objectives

Given the lack of common agreement over the priorities and objectives of EC aid, a major question is, 'effectiveness to what end?' The impact and effectiveness of aid can only meaningfully be assessed once this question is answered. Key questions related to EC aid priorities and objectives are listed on this page. Furthermore, you can find more background information and recommendations on this webpage.

Aid management

The current state of the debate underscores the need to understand the implications of existing EC development policy, before defining what the next generation of structures (e.g. budget and institutions) should be. Key questions are listed on this page. Furthermore, you can find more background information on this page.

EC aid added value

A set of key questions, some background information and recommendations on the EC's added value are available on this page.

Accountability

The EC faces multiple accountabilities, while in practice it needs to focus on a limited number of interlocutors when formulating and implementing EC development policies. A set of key questions, some background information and recommendations on the EC's added value are available on this page.

Ownership

A set of key questions, some background information and recommendations on the EC's added value are available on this page.

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Whither EC Aid?

towards a new approach for assessing development cooperation

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Latest news:
Posted on September 18, 2008 by ecdpm
WECA project has been closed
Report from the Southern consultations in ActionAid EU Brussels Office, Belgium, 17-22-30 Mar.
Report from the roundtable in Copenhagen, Denmark, 21st April
Briefing Notes available in French
Report from the roundtable in Banjul, Gambia, 28-29 April
Report from the roundtable in Kigali, Rwanda, 4 March

What are your views on EC aid? Participate in this consultation.

Have a look at the roundtables we are organising in both Europe and developing countries. They will generate debates amongst small groups of interested stakeholders to contribute to reflections on the added value and effectiveness of EC aid.

Read our initial discussion note (pdf) on EC development cooperation, which provides the basis for the current consultation phase of our project.

Find out more about 'Whither EC Aid?' Consult the project's background, methodology, and timeline.

What is WECA?
 The next five years will be decisive for the future direction of international development cooperation in general and European Union cooperation in particular. The EC plays a crucial role in EU development cooperation, as a facilitator as well as a sizeable donor in its own right. Despite ambitious international aid goals, there is a lack of shared understanding of key underlying issues that shape the EC aid effectiveness debate. In order to move forward on the road from Paris to Accra and beyond, it is therefore necessary to map the different perceptions and assumptions shaping this debate. 'Whither EC Aid?' is a joint ActionAid-ECDDP project on the future of European Commission Aid. Both ActionAid and ECDDP have long track records of working on EU development policy. We aim to re-position the debate on monitoring the effectiveness of EC development cooperation by seeking to open it up and bring in the views of a wide variety of stakeholders. On this website, you can find the latest information on the project and contribute directly to the debate about EC aid.

Filed under: Uncategorised | 16 Comments »

WECA closing strategy.
Posted on September 17, 2008 by ecdpm
 This website does not provide anymore possibility for external inputs and it does not provide further update either. But a final document summarising this process will be posted shortly.
 The website will remain open for consultation.
Filed under: Uncategorised | 16 Comments »

WECA project has been closed
Posted on September 18, 2008 by ecdpm
 ECDDP and ActionAid International are pleased to announce that the WECA project has been closed.
 'Whither EC Aid' (WECA) is an independent, joint ECDDP-ActionAid project that aims to contribute to a broader-based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalization of an initial Discussion Note, the project entered a phase of consultations to stimulate further inputs from stakeholders.
 In the light of the recent Accra High Level Forum on Aid Effectiveness, the WECA site will be closed as an interactive forum. However the site will be maintained as a research tool, hosted in both ECDDP (<http://www.ecdpm.org/>) and Action Aid (<http://www.actionaid.org/>) main sites.
 In addition to this, the site will be opened for a month for comments on the Final note that will be published at the beginning of the same month.
Filed under: Uncategorised | 16 Comments »

Action Aid final position on the Third High Level Forum on Aid effectiveness.
Posted on September 8, 2008 by ecdpm
 ActionAid said today that key demands by developing countries and campaigners for immediate improvements to make aid work better for the poor were blocked by the US, Japan and the World Bank.
 Hopes had been high that key reforms would be agreed to make aid more efficient, transparent and effective, but these were scuppered by back room deals dominated by donor countries. Some progress was made in some areas, such as the use of

Français

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Quote of the week
 - on *Division of Labour*
 "When it comes to the challenges of ownership, I think that decentralization of EC aid is an important factor. Decentralization to the Delegations so that the dialogue can take place on a level where the partnership is taking place and that goes for all the Member States, but certainly for the governments and the civil society, and that is something for what we have to work stronger for the decentralization of the Delegations."
 - Ulrika Grandin, Ministry of Foreign Affairs, Department for Multilateral Development Cooperation, Desk Officer.

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ActionAid International

41 rue du Commerce
1000 Brussels
Belgium
Tel: +32 2 502 5501

www.actionaid.org/eu

ActionAid

PostNet suite #248
Private Bag X31
Saxonworld 2132
Johannesburg
South Africa

Tel:+27 (0)11 731 4500
www.actionaid.org

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European Centre for Development
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ECDPM

Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands
Tel: +31 (0)43 3502 900

info@ecdpm.org

ECDPM

Rue Archimède 5
1000 Brussels
Belgium
Tel:+32 (0)2 237 43 100

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