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Implementing the Agenda for Change

An independent analysis of the 11th EDF national programming: key findings

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Key messages

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

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

In many countries, initial programming proposals based on in-country consultations, were superseded by HQ choices.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

Introduction

Effectively programming the European Development Fund (EDF) is a major political, policy and bureaucratic challenge, involving multiple stakeholders, namely the European Commission (EC), the European External Action Service (EEAS), 28 EU member states, the European Parliament and, of course, 74 governments[1] from Africa, the Caribbean and the Pacific (ACP) and domestic accountability actors. The EU is currently implementing its 11th EDF (for 2014-2020), with an aid budget of €30.5 billion for ACP countries and Overseas Countries and Territories (OCTs), covering both national and regional programmes. This represents 32% of the total EU external relations budget (if we take the EU budget and the EDF altogether) for 2014-2020.

[1] Although there are 80 ACP states, only 74 receive 11th EDF funds. South Africa and Cuba are not eligible for the EDF. The Bahamas graduated and does not receive 11th EDF funds; Equatorial Guinea invalidated the ratification of the revised CPA and does not therefore receive funding under 11th EDF. South Sudan is not yet a signatory to the Cotonou Agreement and cannot therefore officially receive funds from the 11th EDF (although it has received funding from unused funds from the 9th and 10th EDFs and can receive funds from EDF regional programmes). Sudan has not ratified the revised Cotonou Agreement so it has no access to national allocations under the 10th or 11th EDF, although the country does receive earmarked 'Special Funds' from former EDFs.

For those interested in development effectiveness and EU external action, understanding the magnitude of the 11th EDF programming challenge is critical for three reasons. First, the 11th EDF will unfold in a radically changed global context, marked by the beginning of a transition towards the Sustainable Development Goals (SDGs), which have triggered a debate on the value of Official Development Assistance (ODA) as part of larger sustainable development financing[2]. Second, the 11th EDF is also the last EDF before the Cotonou Partnership Agreement (CPA) expires in 2020. The 11th EDF performance assessment will therefore be of crucial importance to the future of the relationship between the EU and the ACP countries beyond 2020. Finally, the programming and implementation of the 11th EDF will be a critical test of the EU's external action and the ability of EU development policy to achieve high-impact aid. In an era of austerity and concerns about value for money, this is a critical consideration.

Rationale and objectives of the study

This Briefing Note presents the key findings of ECDPM's independent analysis[3] of the 11th EDF programming experience. Our study focuses on the programming of national funds directed at ACP countries.[4] Our work is intended to inform both EU and ACP decision-makers about the implementation of the EU's Development Policy (Agenda for Change).[5] It identifies some of the dilemmas and opportunities for achieving higher impact aid during the 11th EDF and beyond. Our three guiding research questions are: Does the programming of the 11th EDF reflect the policy priorities set out in the Agenda for Change? Is EU programming respectful of the key ingredients of aid and development effectiveness agenda? Is the EC well equipped to deliver high-impact aid?

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

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

Methodology[6]

We have mapped the geographic financial allocations for the 11th EDF national allocation envelope, based on aggregated information from a variety of official sources[7] for all 74 countries eligible for 11th EDF funding. The bilateral allocations for these 74 countries amount to €15.16 billion. Our analysis of sector concentration is based on the 57 National Indicative Programmes (NIPs) publicly available at the time of writing. These amount to €11.32 billion, representing 74.6% of the overall amount allocated to the NIPs.[8]

[2] European Report on Development, 2015.

[3] The full study is available at www.ecdpm.org

[4] The focus of our publication is in line with ECDPM's dual mission of developing the capacity of actors from the countries of Africa, the Caribbean and the Pacific (ACP) and of improving (European) international cooperation in order to achieve better development outcomes. The decision to focus exclusively on the EDF was a deliberate choice, allowing us to conduct in-depth research while keeping the process manageable.

[5] European Commission, 2011.

[6] A detailed description of our research methodology for the paper and its limitations, including the representativeness of our sample of 57 NIPs by region and country income group, as well as a table providing an overview of ACP countries eligible for funding under the EDF with the aggregated data collected, may be found in Annex 2 to the full study.

[7] Information sources include: EEAS country websites, NAO websites, press releases, newspaper articles, and DEVCO desk officers, whom we called to confirm the overall allocations.

[8] There are some caveats to bear in mind. As of 15 June 2015, 64 out of 74 NIPs had been signed. The total indicative allocations for those 10 NIPs, which are still undergoing approval, are not official (and final) until they have been signed. They are therefore subject to change. In certain cases, desk officers warned that evolving political situations, for example in Gambia and the Central African Republic, may lead to revised national allocations. Indicative allocations may be adjusted at later stages to take governance performance into account.

Based on different stakeholders' experiences, we have identified the key challenges and dilemmas encountered when translating programming instructions into practice. Over the past two years,[9] and more intensively over the past six months, we have gathered further insights into how the Programming instructions[10] and the EU's most recent development policy, headed 'Increasing the Impact of EU development policy: an Agenda for Change,'[11] have been translated into practice. More specifically, we have:

- Conducted a total of 73 semi-structured interviews[12] both at headquarters and in the field;
- Performed two dedicated field missions to Ethiopia and Tanzania (in December 2014 and February 2015);[13]
- Rolled out a survey targeting EU Delegations (EUDs) in ACP countries;[14]
- Made additional attempts to gather the views of National Authorising Officers (NAOs) (35 NAOs were invited to participate in an electronic survey in both FR and EN).;[15]
- Performed a literature review encompassing EC policy documents, the Programming instructions and its annexes, as well as a targeted review of the literature on donor strategies for achieving higher impact aid.

Our main findings

The policy-to-practice gap has been narrowed

The EC and the EU have often been criticised for their difficulties in addressing the 'policy-to-practice gap'. Through top-level political sponsorship and strict management controls to maximise EUD compliance with the Agenda for Change, the EU has ensured the effective translation into practice of two key policy commitments, namely: a heightened focus on less developed countries (LDCs) and low-income countries (LICs), and the concentration of EU aid on a limited number of sectors and policy priorities. This is commendable, given the challenge of EDF programming, with the huge volume of resources and the presence of both EU and partner actors in a variety of circumstances and countries. Yet such a top-down approach to programming raises some more fundamental issues on aid and development effectiveness.

EU aid concentrates on LDCs and LICs

Following the trend initiated by the 10th EDF and the Agenda for Change prescriptions, the 11th EDF is sharply focused on LDCs and LICs. The EU's allocation criteria are clearly geared to reaching those 'most in need'. This has resulted in a transfer of the share of resources from non-LDC upper-middle-income countries (UMICs) to LDCs and LICs (i.e. a 79% share under the 10th EDF and a 85% share under the 11th EDF[16]). To achieve this focus on LDCs and LICs, the 11th EDF used an allocation formula that integrates quantitative indicators relating to needs, capacity and performance. Compared with the 10th EDF, the 11th

[9] This study is a follow-up to ECDPM's Briefing Note entitled 'Early experiences in programming EU aid 2014-2020' published in September 2013, on which we received generally positive feedback from a variety of stakeholders, as well as a number of requests for a follow-up (see Herrero, A., Galeazzi, G., and Kratke, F. 2013).
[10] European Commission/EEAS, 2012a and European Commission/EEAS, 2012b.
[11] European Commission, 2011.
[12] Between June 2013 and July 2015, we interviewed 17 senior management and administrator level staff in DG DEVCO and seven staff at the EEAS HQ, plus two representatives of the ACP Secretariat. We remotely interviewed 11 EUDs and three NAOs. During our two field visits, we interviewed one Head of Delegation, two Heads of Cooperation and seven Heads of Section, 16 member state representatives (including Ambassadors, Heads of Cooperation, and development agencies) and two deputy NAOs.
[13] The aim of these field missions was not to generate case studies, but rather to gather information from multiple stakeholders involved in programming experiences.
[14] A total of 191 people (including Heads of Political Sections, Cooperation, and Operational Sections) in 51 EUDs received the questionnaire. The overall response rate was 23%, with a total of 44 responses from 32 EUDs. This means that we gathered the views of nearly 63% of the EUDs targeted by our survey. The geographic spread of the responses is fairly balanced (i.e. 30% from West Africa, 30% from Southern Africa, 19% from Central Africa, 9% from East Africa, 7% from the Caribbean and 5% from the Pacific). 77% of the responses came from countries where an NIP had already been signed. 88% of the respondents work in operational sections. This may be because the ECDPM has a long-standing relationship with DEVCO and EUD staff, and still needs to earn the trust of EEAS officials.
[15] Despite several attempts, we received no reply from NAOs.
[16] House of the Oireachta, 2014.

EDF allocation formula aims to increase transparency and objectiveness by using a more limited number of internationally acknowledged quantitative indicators. The aid allocation formula also integrates possibilities for qualitative adjustment to account for more political dimensions that are not easily captured by quantitative means. However, it may be less clear to the layman how the different indicators influence relative allocations, due to the choice of using a geometric model rather than a simple arithmetic weighting of indicators. If we look more closely at how much EDF-ODA per person the different country income groups receive on average, based on the ACP-EDF NIP allocations, the concentration on the poorest countries becomes less marked in fact. The concentration on the group of LICs and LDCs remains, but it is not as high. The LIC/LDC group has the highest median, at €38 per person, followed by UMICs with a median of €35 per person and LMICs with €34 per person. Taking the average as a measure, the group of LICs/LDCs receive even less per person than non-LDC UMICs (i.e. €51 per person for LIC/LDCs compared to €68 per person for UMICs). However, this is due to the small population size of some of the Caribbean and Pacific UMICs.

Sector concentration policy successfully enforced

The EU's sector concentration policy (in the Agenda for Change) benefited from high-level political sponsorship at headquarters and was successfully enforced in the field, with an overwhelming majority of NIPs focusing on a maximum of three sectors. According to our NIP analysis (based on 57 NIPs), the 11th EDF national programming clearly reflects the broad policy priorities defined by the Agenda for Change. **Nearly 70% of funds will support sectors that contribute to inclusive and sustainable growth. The remaining 30% of funds (roughly) will support governance as a focal sector**. More specifically:

a. The priorities defined in the Agenda for Change translate into strong financial support for **agriculture and energy**, together accounting for 41% of the total.

b. Support to **agriculture** (which in our analysis includes interventions in the fields of food security, rural development and environmental protection) attracts nearly 30% of funds. NIPs that support agriculture follow a multi-sectoral approach, given the close overlap between the areas that require support in order to generate results, and in line with the EU's strategic framework for food security in developing countries. [17]

c. Compared with previous EDFs, the 11th EDF introduces two major and interrelated innovations in terms of policy priorities: a **significant withdrawal from transport** (a traditional sector of EU engagement until the 10th EDF, down from 25% to 10% in the 11th EDF) and an **exponential rise in financial support for the energy sector** (a sector in which the EU has relatively little experience, but which received high political support from the previous Commissioner) [18] which was multiplied by a factor of nine, while keeping the number of countries stable.

d. Support for **governance as a focal sector** encompasses many different policy areas and represents nearly 30% of funds, including the use of General Budget Support (GBS), which can no longer be considered as a separate sector. The aspect of governance that attracts the most attention is public financial management. Sector governance (or strengthening sector systems) is included as an objective in nearly 90% of NIPs. Support for civil society represents 2% of funds in our sample; 38 countries have taken the opportunity to include an additional sector to support civil society.

e. **Social sectors** receive comparatively little attention, as only half of the NIPs identify at least one social sector as a priority. When we look at how much the EU spends on social sectors, however, we see that they account for nearly 20% of EDF funds. This reflects the benchmark set in the Agenda for Change for dedicating 20% of resources to human development (also mentioned in the Programming instructions). The social sector attracting more EU aid is **health**.

[17] European Commission, 2010.
[18] The EU seems to have taken Ban Ki Moon's 2011 vision statement on 'Sustainable Energy for All' very seriously: 'To defeat poverty and save the planet, we can and must achieve sustainable energy for all by the year 2030. Reaching this goal will require action by all countries and all sectors to shape the policy and investment decisions needed for a brighter energy future'. The fact that ex-Commissioner Piebalgs was also a former EC Commissioner for Energy may have also fuelled the EU's political support for this priority.

f. Nearly half of our NIP sample mentions the **private sector** as falling within their objectives and the use of blending is evident in the energy, transport, water and sanitation and agricultural sectors.

g. **Climate-change** considerations are also clearly reflected in the 11th EDF, with 74% of NIPs identifying climate-change adaptation and resilience, or the transition to a low-carbon economy as falling within their objectives. The energy sector takes the lead, as 100% of interventions are geared to improving energy efficiency and/or supporting renewables.

h. Only 21% of NIPs mention **gender** as an objective. This does not necessarily mean that NIPs are gender-blind. When we screened the full NIPs, we found that 66% did in fact contain references to gender issues. Moreover, gender-related issues may also be hidden under ‘equity’ aspects or appear at indicator level. This suggests that gender is mainstreamed, but not prioritised.

A long programming process dominated by EU interinstitutional dynamics

The programming process was more cumbersome than originally intended. Talks on the EU budget stalled, thus affecting EDF negotiations. In addition, the legislative negotiations between the European Parliament (EP), the European Council, and the European Commission were blocked due to a disagreement on the EP’s involvement in the programming process. This meant that there was no formal legal basis for supporting the programming, which delayed the process even more. The European Commission’s Directorate-General for International Cooperation and Development (DEVCO) and the European External Action Service (EEAS) devised mitigation measures to ensure that funds could be committed as soon as the ratification process was complete. These included an instruction for EUDs to start programming discussions at an informal, technical level. A Bridging Facility was also set up to ensure early access to funds. However, there was no clarity about the amount of funds available, which meant that only priority needs could be covered. EUDs also reported confusion about the programming basis of the Bridging Facility, cumbersome procedures and a lack of guidance from HQ.

The EEAS and DEVCO had to make their marks in putting their new mandates into practice. At times, this meant that the programming process moved more slowly than expected and that the division of responsibilities was not always clear. Among the EUDs, EEAS involvement in the programming process would appear to have been limited compared with the role played by DEVCO. The EEAS’s lack of staff resources in its early days, together with concerns that national diplomats staffing the EEAS may have been disconnected from development cooperation and EC procedures, were among the reasons identified. The EEAS’ engagement in programming was more consistent at HQ, where it took the lead in ensuring a high degree of complementarity between bilateral, regional and thematic programming. The EEAS seems to take a greater interest in those ACP countries that are fragile or conflict-affected or where human rights issues are prominent.

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

DEVCO’s top-down approach diluted several key principles in terms of development and aid effectiveness. Our study suggests that country context and sector knowledge was not a major driver in programming. Evaluations (whether strategic, country or project) had little or no influence over programming choices. It is unclear whether the EC’s assessment of the credibility and quality of country policies and sector absorption capacity is based on solid diagnostics, as the programming instructions do not have a rigorous analytical grid. From 2010 onwards, the EC invested in the development of political economy analysis (PEA) methodologies at country and sector levels. This created incentives for several EUDs to use them. Yet the visibility given to some of these studies in partner countries raised major concerns at DEVCO headquarters, which decided to suspend further PEA exercises (with external consultants). Given the limited capacity and information access constraints of EUDs, this meant in practice that EUDs could not generally rely on solid PEA to inform programming choices. Finally, the division of labour and gap analysis were also not found to be major drivers in sector choices. The above raises questions about the potential impact of interventions funded under the 11th EDF, a definitive answer to which cannot be given at this stage. The EEAS was understaffed and did not have a clear strategy for instilling political elements into programming nor did it have its own context analysis methodology ready when the programming exercise started. The early expectation that EU Joint Framework Documents (JFDs, i.e. strategic documents integrating all aspects of EU external action and outlining the broad range of EU interests and priorities in specific countries and regions) would be used for the programming process did not materialise in many countries. When it did, there was seldom any connection with aid programming.

Although EU aid programming is closely aligned with country development plans (with only 10 EU independent Country Strategy Papers developed in both Development Cooperation Instrument (DCI) and EDF countries) and there are some good examples of synchronisation with country planning cycles (as in Senegal) and flexibility in fragile countries (as in Zimbabwe and Liberia), the overall impression is that the EU's commitment to country ownership was difficult to reconcile with ensuring a high degree of compliance with EU policy priorities. We have gathered substantial evidence that the policy priorities defined by the Agenda for Change superseded EUD proposals, thus overruling EUD-led in-country consultations with partner governments, civil society and member states.

The co-management system articulated around the National Authorising Officer (NAO) in ACP countries is not in itself a guarantee of stronger country ownership. Our research suggests that NAOs are often overruled in decision-making, including on sector choices, sector allocations, aid modalities and other implementation issues. However, we also found positive examples in which NAOs were satisfied with how the EC had defined its indicators, stating that these were respectful of ownership. According to some EUD interviewees and survey respondents, NAOs are parallel structures that are relatively disconnected from line ministries and domestic accountability actors, and in many cases are run by technical assistants. We also received reports that NAOs may not always and necessarily take decisions in the best interests of their constituencies (for instance, by sidelining line ministries) or of pro-poor and inclusive development (for instance, by hampering EU strategic support for civil society). This begs the question of whether co-management really supports the democratic ownership of EU aid in all circumstances.

The participation of domestic civil-society organisations throughout the development cooperation cycle has been mandatory since the 2000 Cotonou Partnership Agreement. NAOs are responsible for managing relations with non-state actors in the framework of the EDF. Our research found that domestic accountability actors were only marginally consulted during the first phase of the programming. Despite the use of participatory processes, the outcomes of these meetings had only a minor influence over programming choices. Although civil-society participation is a fundamental principle of EU-ACP cooperation, it is unclear whether the presence of a legal commitment in the CPA has helped to streamline the democratic ownership principle in all ACP countries. It should be noted, however, that sector concentration and national programming did not take place in isolation. They should be regarded in the context of a broader (and extremely complex) exercise - led by the EEAS - to ensure coherence and complementarity between national, regional, intra-ACP and thematic programming.[19]

A relative disconnect between joint programming and EU bilateral programming[20]

1. EU joint programming (JP)[21] and bilateral programming generally lead parallel lives, creating additional workloads for EUDs and member states. Synergies were absent in many countries. According to 85% of our survey respondents, JP had little or no influence on EU bilateral programming. The incentives for JP seem to be clearly linked to the interests of EU institutions (more than 70% of respondents said this was one of the main incentives), and to a very small degree to the interests of partner countries (60% of survey respondents said this was the least important incentive). The main obstacle to JP seems to be the interests of certain member states (according to 70% of survey respondents). The JP Mid-Term Reviews (most of which are due to take place in 2016) could offer an opportunity to align JP more closely with partner country cycles and bilateral programming, but this may be somewhat premature, given that the earliest date for the MTR for bilateral programming (and the performance-based mechanism) would be late in 2017.

[19] Investigating this relationship is beyond the scope of this study.
[20] ECDPM is currently conducting an independent study of JP, which is due to be published in the second half of 2015.
[21] JP occurs when the EU and its member states adopt a common, multi-annual programming document for their support for a partner country, in which sectors of intervention, in-country division of labour and indicative financial allocations per sector and donor are defined. JP calls for a joint analysis and response by the EU and the member states to the partners' development plans. This entails the dual synchronisation of EU and member state programming cycles with the partner country's own national cycles. The feasibility of JP varies from one country to another.

Concerns about the EC's strategy for achieving higher-impact aid

Evidence suggests that the assumptions underlying sector concentration as a policy for achieving greater impact may not hold in practice. The ideal volume of assistance to sectors and the optimum degree of donor presence depends on the particularities of the sector and the country in question. Donors' policy of graduation, combined with sector concentration and deployed in a context of an imperfect division of labour, may result in the following perverse effect: larger volumes of aid are directed towards sectors with limited absorption capacity, leading to the overcrowding of sectors, sector saturation, aid inefficiency and opportunity costs.[22] By pursuing strict sector concentration (without taking proper account of country and sector context specificities), the EC may compromise its desire to improve impact, notably by engaging in sectors where there is insufficient traction for reform. We have identified several alternatives to programming in sectors that look more promising in terms of potential impact.[23] These new approaches merit attention in the light of future EU programming exercises and the possible revision of the Agenda for Change.

DEVCO has taken efforts to shift its approach towards managing for results, in response to taxpayers' and member states' demands for greater transparency on and accountability for public spending, and also to address shortcomings in past evaluation systems. Its new Results Framework (RF)[24] is designed to compare results with strategic development objectives, and to provide information on aggregated key results achieved with EU assistance. Following a bottom-up approach, indicators are selected on the basis of their quality, established data sources, aggregation potential and alignment with SDGs. The RF is a major achievement, meeting a leading political objective in a context of limited resources. It will also become a key operational tool providing more solid evidence about the results achieved in different sectors, and informing future programming choices on the basis of performance. The main concern now is to maintain quality standards and to match ambition with capacity: professionalisation and the adoption of a new mentality and new procedures will not happen overnight. DEVCO will need to make a big effort to ensure that EUDs have a critical mass of people ready to adequately feed the new RF. DEVCO's new Learning and Knowledge Management Strategy is critical in this regard.[25]

The European Commission is under pressure to deliver and show more results. EUDs will face a higher average workload in the coming years, as a result of staff cuts, but also due to the backloading of 46% of the funds remaining from the previous budgetary period, as well as a further increase in overall future allocations for the current period. Against this backdrop, DEVCO has launched a new exercise called Optimus[26] (a corporate exercise and a corporate instrument), which will help to streamline the management of development aid and hopefully create similar working conditions for all EUDs. Optimus relies on two key measures: first, optimising the use of implementing modalities (i.e. simplifying financial procedures, increasing average contract size, outsourcing work through framework contracts, sub-granting to make call for proposals more manageable, etc.); and second, optimising the use of EUD staff, by redeploying staff and achieving an optimum workload across EUDs. From an HQ perspective, Optimus will objectivise the debate on the capacity needs of EUDs, level workloads across the board, and provide pointers as to how EUDs and EU aid could be better managed in the future. From a field perspective, there are concerns that the exercise was led by a managerial logic, which does not fully reflect the non-contractual work carried out by EUDs (i.e. policy dialogue, context analysis, joint EU activities and coordination). EUDs are concerned that Optimus will adversely affect the quality of EU aid, notably by further promoting the outsourcing of thematic expertise (through framework contracts) and by creating the wrong incentives for the use of budget support modalities. The EEAS initially raised concerns that reducing staffing levels at the EUDs would adversely affect their political weight, and also that the exercise is disconnected from a strategic vision about what the EU wants to achieve in specific countries. DEVCO's ambition to become a knowledge-based learning organisation is laudable. However, a new Learning and Knowledge Management Strategy, a new Results Framework, and a new strategy for optimising the use of aid modalities and resources will not suffice if capacity does not match its vision and ambitions for external

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

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

[24] European Commission, 2015.

[25] European Commission, 2014.

[26] Frutuoso de Melo, 2014.

action and development cooperation, particularly if the EU's main development policies commit it to supporting and accompanying domestic reforms.[27]

Implications in a post-2015 context

The current negotiations on a post-2015 development framework will have implications for the way in which the EU engages in international and development cooperation, including for the role played by EU aid in the achievement of the future SDGs. The ongoing discussions on the sustainable development agenda have introduced a paradigm shift aimed at ending the North-South conceptual framing that has historically underpinned the EDF as a policy tool. There are a number of principles inherent to the post-2015 agenda, such as universality, the move towards policy coherence for sustainable development in all countries, and the growing emphasis on shared responsibilities. These will have implications for the future of the ACP-EU relationship more broadly, as well as for the role of the EDF.

Concerning differentiation and aid allocation criteria, achieving poverty eradication as well as broader sustainable development goals may require fine-tuning and more nuanced allocation indicators that take account of sub-national differences such as inequalities and other financing and sustainable development challenges. The 11th EDF already seeks to address certain global challenges, by placing a stronger emphasis on sustainable energy and mainstreaming climate issues. The question is what role EU aid can still play in helping MICs to address inequalities, implementing the global public goods agenda (including with the aid of research and innovation, and knowledge brokering) and mobilising domestic resources (e.g. building up tax systems and using blending). The debate on the role of 'traditional aid' and the wider concept of international public finance for sustainable development in the post-2015 context will compel the EU to consider where to place the EDF and how to choose allocation criteria accordingly.

At the same time, the EU will in future have to view its aid programming more emphatically as part of a broader sustainable development financing landscape that has been further defined by the outcomes of the Third Financing for Sustainable Development Summit in July 2015. This is not, however, consistently reflected by the current 11th EDF programming exercise.

Main conclusions and pointers for the future

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

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

[27] European Commission, 2012 and European Commission, 2013.

Second, putting a commitment to democratic ownership into practice has important implications for donors. It places the governance dimensions of development cooperation at centre stage, in particular the critical role played by domestic accountability actors in setting policy priorities and budget choices. **The 11th EDF programming focuses sharply on the governance dimension**: approximately one third of funds go to supporting governance as a priority sector and governance is mainstreamed in other priority sectors (health, transport, agriculture, energy, etc.). Support for civil society continues to be a prominent feature of ACP-EU cooperation, and we found innovative examples of NIPs dedicating substantial resources to supporting the EU's engagement strategy with civil society (with the aim of implementing the NIPs in question). **The EU has also done a tremendous job in recent years in developing better systems, guidance and tools to work in LDCs, fragile and conflict states, and in devising country strategies for engaging with civil society**.[28] These are all positive and encouraging steps.

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

Political economy analysis (PEA) is a crucial and respected tool that can help to bring further clarity to the EU's added value and the possible achievement of aid results. Although EUDs have a certain amount of capacity to conduct PEA in-house, the assumption that EUD staff can currently conduct fully-fledged PEAs is unrealistic (in terms of skills and expertise, access to information, incentives and time). **It would be worth performing a more detailed analysis of when and how PEA tools can be used systematically**, and what resources, incentives and risk management strategies are required in order to ensure that future programming exercises and ongoing identification and implementation efforts are informed and guided by solid context and sector analysis. Although there are obviously risks to be managed, the benefits (in terms of aid impact) would appear to be significant.

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

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

The EU may also need to move towards a more integrated form of programming as part of the post-2015 agenda. Perhaps future EU aid programming could systematically and coherently support the

[28] These are known as 'EU Country Roadmaps for Engagement with Civil Society'.

transition to sustainable development in every country, not so much by putting an overall benchmark on social sectors, but by articulating country support strategies around the three pillars of economy, equity, and ecology. This would put climate fragility at the centre of development and EU external action.[29]

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

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

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

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

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

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

[29] See Rüttinger et al., 2015.

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

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

The Lisbon Treaty commits the EU to more efficient and coherent external action in order to attain the overall objectives of peace, security, sustainable development and poverty reduction. This may compel the **EU to clarify how development cooperation and aid fit within its broader (i.e. more political and interest-driven) external action agenda in its partner countries.** Although the Joint Framework Documents (JFDs) offer certain opportunities for ensuring that connection is made in future programming exercises, more operational guidance and political impetus are needed. There is also a need for a frank debate on why such political documents have been so difficult to produce in the past. It is interesting to note that the EU's commitment to JFDs was subsequently reiterated in the Joint Communication on the 'EU's Comprehensive Approach'[30] and the Joint Staff Working Document on 'Taking Forward the Comprehensive Approach'.[31] This may be a promising avenue to pursue in future programming exercises. If the EU adopts a more politically informed approach, it will need the presence of multiple stakeholders in Europe and developing countries to robustly hold it to account. This is a precondition to ensure that **a more realistic yet politically visionary agenda to development is pursued, but not one that is driven by the short-term political, economic, and security self-interests of the EU.**[32]

[30] European Commission/Council of the European Union, 2013.
[31] European Commission/Council of the European Union, 2015.
[32] ETTG, 2014.

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