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# Whither EC Aid?

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



Coordinated by Gwénaëlle Corre - ECDPM

**Cover Photo:** Gideon Mendel/Corbis/ActionAid

### **Sources and methodology**

This note combines the results of two types of research carried out between May and October 2007. Firstly, interviews were held with thirty individuals from key stakeholder groups such as the European Commission and other EU institutions, EU member states, non-governmental organisations, southern partners and academia. A list of nine questions (see Annex II) structured the interviews, which lasted around 1.5 hours each. The issues brought up by the interviewees were weighted according to the frequency with which they were mentioned, while maintaining a balance between views from the North and the South.

Secondly, a selective literature review was carried out. Around 40 official and non-official sources were initially examined, with the interview questions serving to guide the analysis. During the second stage of the project the number of literature sources will continue to increase, feeding into the final report that will be published in mid 2008.

## **Acknowledgements**

ActionAid is an international anti-poverty agency working in over 40 countries taking sides with poor people to end poverty and injustice together. For more information see: [www.actionaid.org](http://www.actionaid.org)

The European Centre for Development Policy Management (ECDPM) is an independent foundation, whose capacity building activities aim to improve cooperation between Europe and countries in Africa, the Caribbean, and the Pacific. For more information see: [www.ecdpm.org](http://www.ecdpm.org)

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## **Languages**

The report is available in French and English.

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# Executive summary

This note is the result of the first part of a joint project between ECDPM and ActionAid International on the future of European Commission 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. We also hope to gather inputs via internet/e-mail discussions.

The last part of the joint project will be a stand alone ActionAid/ECDPM report including an assessment of the quality of Commission aid, charting its direction, and making recommendations for reform. This report will draw on this discussion note, the field research and the proceedings of the debates.

# 1. How does the lack of a common understanding of what EC cooperation is for affect the 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 European Commission (EC) has an added value, especially compared to the member states<sup>1</sup>:

- 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.

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

<sup>1</sup> 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).

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. 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 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 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 (CPA and ENPI; European Consensus and Barcelona Consensus). Second a number of respondents worried that some of the new instruments, such as the ENPI<sup>2</sup>, 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 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).

<sup>2</sup> ENPI and DCI are applicable since January 2007.

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 values<sup>3</sup>.

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.

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

<sup>3</sup> 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.

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 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 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. S7-8). 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 donor<sup>4</sup>

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.

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 Complementarity<sup>5</sup>

##### 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

<sup>4</sup> Data extracted from the *DAC Peer Review on EC* (DAC 2007b), unless indicated.

<sup>5</sup> The 3Cs from the Maastricht Treaty: Coherence, complementarity and coordination.

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 WB and UN agencies, but also the US, 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.

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 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, 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, *"[t]he 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 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 EPAs as a clear example of incoherence in EU external policies. 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 Policy Coherence for Development (PCD)<sup>6</sup> 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.

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.

<sup>6</sup> [http://ec.europa.eu/development/ICenter/Publication/Publication\\_Coherence\\_DEF.pdf](http://ec.europa.eu/development/ICenter/Publication/Publication_Coherence_DEF.pdf)

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<sup>7</sup>, 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.

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<sup>8</sup>. 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.

<sup>7</sup> There are however mixed views on the governance profiles.

<sup>8</sup> 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)

## 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?

## 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 European Parliament's (EP) scrutiny of 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 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. Country Strategy Papers (CSPs) and General Budget Support (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 ownership<sup>9</sup> 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 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

<sup>9</sup> e.g. donor/beneficiary relation as the basis for the transfer of funds.

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 governance 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.

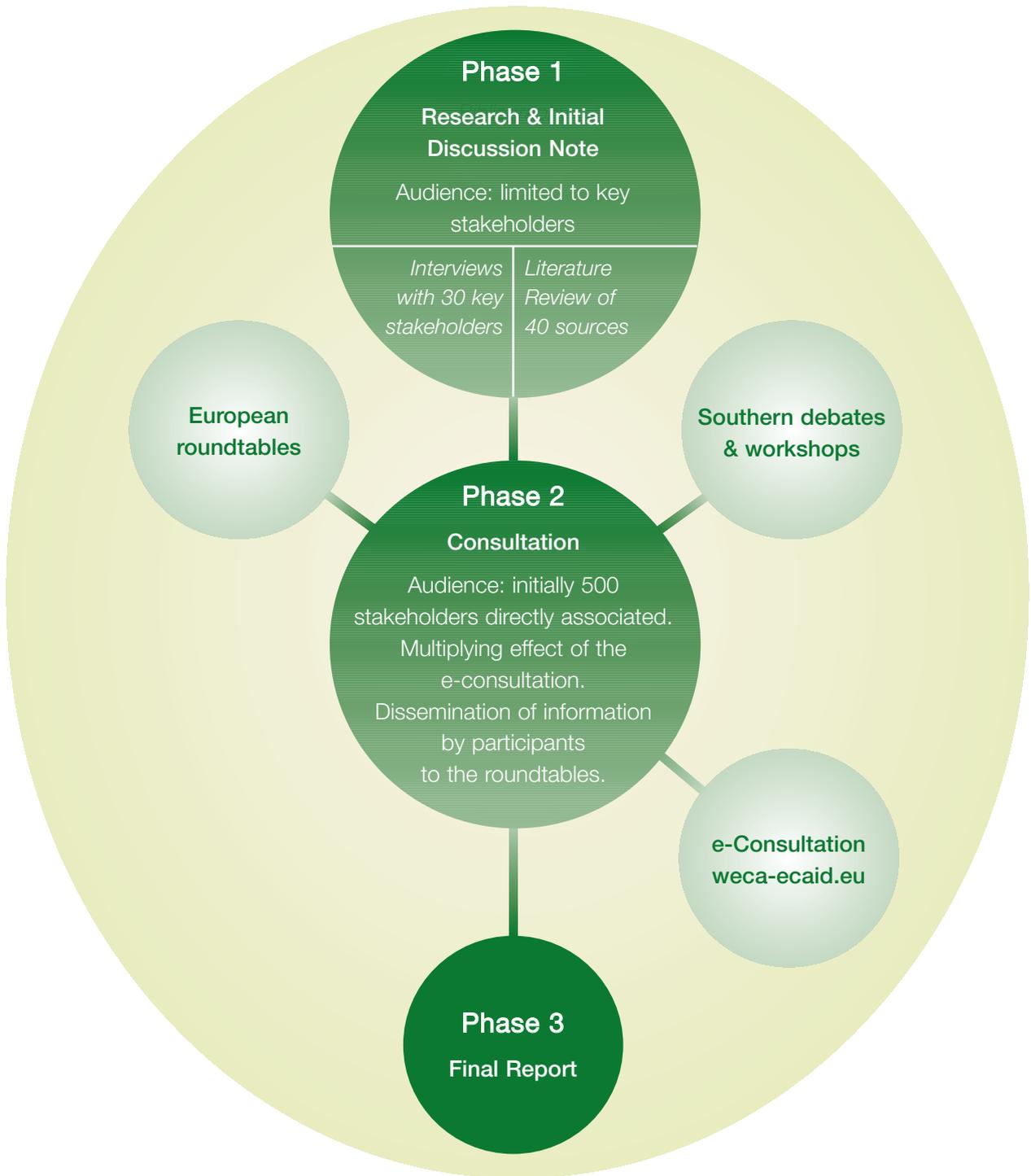
### The road ahead

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-ecaaid.eu](http://weca-ecaaid.eu)

## List of acronyms

<b>CAP</b>	Common Agricultural Policy
<b>CIDSE</b>	International Cooperation for Development and Solidarity
<b>CODEV</b>	Council of the EU Working Party on Development Cooperation
<b>CONCORD</b>	European NGO Confederation for Relief and Development
<b>CPA</b>	Cotonou Partnership Agreement
<b>CSO</b>	Civil society organisation
<b>CSP</b>	Country strategy paper
<b>DAC</b>	Development Assistance Committee
<b>DCI</b>	Development Cooperation Instrument
<b>DG AIDCO</b>	EuropeAid Cooperation Office
<b>DG DEV</b>	Directorate-General for Development and Relations with African, Caribbean and Pacific States
<b>DG ECHO</b>	Directorate-General for Humanitarian Aid
<b>DG RELEX</b>	Directorate-General for External Relations
<b>DG TRADE</b>	Directorate-General for Trade
<b>DPS</b>	Development Policy Statement
<b>EC</b>	European Commission
<b>EDF</b>	European Development Fund
<b>ENPI</b>	European Neighbourhood and Partnership Instrument
<b>EP</b>	European Parliament
<b>EU</b>	European Union
<b>GBS</b>	General Budget Support
<b>IMF</b>	International Monetary Fund
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDG</b>	Millennium Development Goal
<b>NGO</b>	Non governmental organisation
<b>ODA</b>	Official Development Assistance
<b>ODI</b>	Overseas Development Institute
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OQSG</b>	Office Quality Support Group
<b>OSCE</b>	Organisation for Security and Cooperation in Europe
<b>PCD</b>	Policy coherence for development
<b>UN</b>	United Nations
<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organisation

# Annex I: The dynamic of a consultative process



## Annex II: 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. 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 III: 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 IV: 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 V: List of interviewees

(conducted June – October 2007 by the ECDPM and AA Project Team)

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 France	Deputy Chief Executive Officer, Agence Française de Développement,
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
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

Name	Function
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, Aprodev
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





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