

Co-ordination in the European Union

The Maastricht Treaty stipulated that development assistance is an area of competence of the European Community (EC) that is shared with the member states. One can basically speak of an EC programme with the member states and an EC programme without the member states, implemented by the Commission. There is no specification of tasks that fall within the competence of the Community and of the member states.

While there are no guidelines for dividing responsibilities between the European Commission and the member states, the EC operations are guided by four general principles. These are (i) complementarity of activities to avoid duplication as well as (ii) co-ordination of efforts between the Commission and the member states; (iii) coherence expressing the guideline that policies in other areas than development assistance that affect developing countries should take into account the objectives of the European Community development programme;⁵⁵ and (iv) consistency referring to the entirety of the external activities of the European Union, and which includes the area of foreign and security policy. Prior to the Maastricht Treaty the European member states had no mechanisms for co-ordinating their aid policies and activities. There were no European guidelines that member states should take into account in their own policies and operations, though there was ad-hoc co-ordination between some groups of countries.

In response to the Maastricht Treaty requirement to establish co-ordination and in response to the Commission's communication on this issue, the Development Council launched a group of co-ordination initiatives relating to the "policy of development co-operation in the run-up to 2000", more commonly known as "Horizon 2000". A number of resolutions with the objective to enhance European co-ordination were adopted within this process in subsequent years.

Despite these efforts, the views expressed by the member states reflect a general low commitment to the implementation of resolutions by the member states – even if in some cases the principles set out in the resolutions have their support (see annex 6). When asked the question to whom the resolutions were addressed most member states expressed the opinion that the EU resolutions were useful for the Commission and for other member states that they perceived as less involved in "the right kind of" development co-operation than themselves. Illustrative in this

respect is the comment of a government representative, asked whether the government believed one of the resolutions was valuable:

“Maybe the Commission feels more obliged to implement Council resolutions than UN resolutions. For member states this should not be the case. The only added value in the resolution is the consultation and co-ordination between the Community and MS [member states, MVR]. To what extent this is useful I do not know.”⁵⁶

Notwithstanding the somewhat skeptical views, the resolutions adopted in the Horizon 2000 process had the intention of strengthening European co-ordination in providing development assistance. This chapter will examine what efforts have been taken to strengthen co-ordination at the European level.

4.1 EC Co-ordination between the Commission and member states

The development administrations of most member states believe that co-ordination is a key requisite for achieving common targets. While recipient countries have not always participated in the processes that set development targets such as the collection adopted by the DAC in the “Shaping the 21st Century”, many member states stress that recipient governments should be leading co-ordination in their own countries and that their ‘ownership’ must be enhanced. Many Member States state also that co-ordination in the EC context is imperative for achieving the DAC targets as set out, and for making development aid more effective. It would also make the work of recipient countries easier, where they are now facing “15+1” different methodologies and policies from the European Union. Priority should be given to co-ordination at operational level.

A pilot exercise on ‘co-ordination’ between the Commission and the member states was initiated in October 1994 with six countries. The selection of countries was based on an assessment of the capacity of the Community. The pilot exercises were estimated as successful in Peru and Côte d’Ivoire. Some success was achieved in Ethiopia and Mozambique. In Bangladesh and Costa Rica the exercise failed. It was concluded that the success of co-ordination depends largely on the willingness and capacity of recipient countries. However, lack of political will and lack of capacity are two distinct and different issues. Not all recipient countries believe that co-ordination of donors is in their interest, so that they can play one donor against the other. It was also found that the EC could play a role in helping recipient countries take the lead in their own development programming.

In its conclusions of 5 June 1997, the Council considered that operational co-ordination in the EC should be extended to all developing countries. In April 1998

the Council approved more detailed guidelines.⁵⁷ These set out some important principles:

- Co-ordination activities should be carried out in close co-operation with the recipient country, to strengthen its capacity to assume responsibility for and ownership of its development strategies and programmes and to reinforce the government's lead role in general aid co-ordination;
- EC co-ordination should be linked to other existing donor co-ordination mechanisms at the country level;
- Co-ordination activities should ensure a coherent EC input in wider donor co-ordination mechanisms and consistency with common policy guidelines adopted by the European Council.

In principle the delegation of the European Commission initiates and monitors this process, in close collaboration with the Presidency; by common accord the tasks of monitoring the operational co-ordination can be entrusted to a member state or the Commission. The modalities defined for operational co-ordination are: meetings between representatives of the member states and the EC delegation; exchange of information, joint studies and evaluations, joint programmes and adaptation of aid programmes and harmonisation of procedures. In order to enhance co-ordination between the Commission and the member states meetings are now being held between the Commission and the Director Generals of the development agencies of the member states.

For the European Commission Humanitarian Office (ECHO) co-ordination with the member states has been a top priority since 1997. Policy co-ordination takes place in the Humanitarian Aid Committee (HAC), where representatives of the member states take decisions on ECHO policies as required by its governing Regulation. ECHO further has started to establish desk-to-desk working relations between ECHO and the administration of the member states. ECHO introduced a new information system, concerning funding decisions on humanitarian aid that are disseminated on the internet within 24-48 hours to assist operational co-ordination.⁵⁸ At present this system covers about 80% of EC activities in humanitarian assistance. ECHO also aimed to enhance collective influence of the EC in other fora.

4.1.1 Co-ordination of a poverty focused approach

Since the adoption of the 1993 Resolution on the Fight against Poverty, a set of pilot programmes has been undertaken in seven countries to co-ordinate a poverty approach in the European Community.⁵⁹ These programmes have failed. The pilot programmes have demonstrated that co-ordination on the ground is particularly

difficult – even though member states decided that co-ordination should start at that level. The response of member states to these programmes has been disappointing.

The pilot programmes also demonstrated that the role of the recipient country in the programming is key. However, the interests of the recipient country may not be the same as those of the donors, even if the recipient government is seriously committed to eradicating poverty. It is also difficult to instigate donor co-ordination at operational level lead by the recipient government when it is unclear whether that government has the capacity to oversee the exercise. In some countries it has appeared difficult to find a balance between co-ordination exercises implemented by other donors, e.g. the World Bank, and the exercise of the EC. Finally, within the Commission the communication between the delegations and the Commission has not been effective, particularly in circumstances where the delegation believes that the recipient country is not interested in the exercise.

In view of these outcomes these exercises have been stalled and the Commission now concentrates on mainstreaming a poverty approach in its development activities. For this purpose staff are trained in poverty approaches, and support is given to integrating a poverty approach in other services that are being offered. The Development Council of 18 May 1998 reviewed efforts in the fight against poverty and concluded that:

“the fight against poverty must be placed at the heart, and in the mainstream of international development co-operation.”⁶⁰

This resulted in three foci with regards to the planning exercise under EDF 8. First, the targeting of social sectors in the framework of a policy dialogue on macro-economic reforms and SAPs, in order to ensure a better resource allocation for these sectors. This includes an initiative to debate the social dimension of HIPC. It also includes an ongoing debate among member states experts on poverty about policy coherence. A second focus point is the strengthening of a sectoral approach for health and education policies, and an improvement in capacity for conducting policy dialogue on these with ACP governments. Thirdly the Commission focuses to target support to more specific interventions consistent with sectoral policies. This is conditional upon the capacity existing in the ACP countries to implement these. These interventions include measures to combat AIDS, in co-ordination with other donors.

4.1.2 Co-ordinating a gender approach

Policy on integrating gender has increasingly been co-ordinated between DGIB (dealing with Asia, Latin America, Mediterranean) and DG8 (dealing with African, Caribbean and Pacific) and ECHO in the Commission on the one hand and

the member states on the other. Within the Commission, progress has been made in a number of areas.⁶¹ These include the elevation in the importance attached by senior management to the implementation of the Council resolution on gender,⁶² as well as to the actions taken to mainstream gender in new legal instruments. This includes within the negotiations on the next agreement between the EU and the ACP countries as well as within the ALA and MED regulations. This also includes the integration of gender in Commission-wide sectoral and thematic policies, such as environmental measures, HIV/AIDS, anti drugs policies, population, and others.

Progress has been made with the introduction of procedures to ensure gender integration throughout the project cycle, and in DG8 gender is now included in evaluation and project questionnaires.⁶³ In DG8 and DGIB staff has been trained in gender and development, though results are greatly undermined by the scarcity of staff and frequent staff changes. In DGIB gender impact assessment forms have been developed and attention to gender is given in the project presentation.⁶⁴ In DGIB gender issues have now been integrated in a number of pilot countries.

Annual meetings of member states experts and the Commission have taken place in order to review, among others, the implementation of the resolution and reports from member states on their experiences of implementing the resolution in their development co-operation. Two reports monitoring progress by the Commission and the member states have been produced.

The Development Council adopted further measures to strengthen the work on gender, and recognised the problem of insufficient capacity in this area. It was concluded that the Commission and the member states will increase co-operation and that co-ordination of gender related policies and practices is particularly important at the recipient country level.

4.1.3 Co-ordination of a human rights approach

The EU's human rights policy has a rather narrow focus on civil and political rights. In the course of 1999 a number of activities were undertaken to regulate and co-ordinate the activities in this area. The Council adopted two regulations on human rights related to Lomé and to third countries respectively. The Member States Committee approved an internal regulation for consultation and implementation with regards to human rights projects, with harmonised procedures between DGI, DGIA and DG8, as well as the Common Service, and common guidelines were approved setting out priorities and procedures. An initiative for an annual report on Human Rights activities of the Commission and member states has also been launched.

4.2 Co-ordination of sectoral policies

At the meeting of Director Generals for Development of the Commission and the member states, held in April 1996, the term "Sectoral Development Programmes" (SDPs) was introduced. SDPs are long-term programmes for co-ordination of aid programmes in one sector that replace a project approach. The major characteristics of this approach are discussed in more detail in chapter 6.

The idea was that common platforms would be established in order to define strategies and establish resources to help recipient governments to design and implement SDPs. The recipient government should provide the leadership in the policy formulation and implementation. The aid is provided to financially support the proposed policies, though the bulk of financial means must come from within the country.

The SDP is a:

"tool to enable government and donors to overcome these constraints. It consists of a process of negotiation leading to a transparent agreement in the form of a coherent operational programme in the context of a sectoral strategy, with financial commitment by all parties over an agreed period, in a co-ordinated manner..."⁶⁵ (original emphasis)

SDPs should be long-term investments in the sector, and funding decisions should not be only dependent upon conditions of macroeconomic performance indicators often causing unpredictability in funding allocations. It is obvious, however, that without a more or less stable economic basis and transparent accountable financial management capacity in the recipient country enabling the required policy planning in the sector SDPs are unlikely to be effective.

Development of SDPs were seen as a means to enhance the implementation of the May 1993 Resolution on co-ordination of European development policies. Health and education were the focus for the exercise on co-ordination in the six pilot-countries. Later the World Bank introduced the concept of "Sector Investment Programmes" based on a similar idea.⁶⁶ A more detailed overview of developments in EC programme aid and budget support follows in chapter 7.

4.2.1 SDP's in Education

The work on SDPs in the area of education (SDP-Ed) is based on the 1994 Council Resolution on education. The notion of universal and equitable access to basic education as an obligation under the International Convention on the Rights of the Child was approved by the Council in 1996 in the Resolution on Human and Social Development. The objective of SPD-Eds is:

“to improve human resources through improvements in the provision of education and training.”⁶⁷

Representatives of education departments of the EU member states and the Commission come together in the Education Experts Group Meeting twice a year to monitor the implementation of the Resolution on Education.

Increased attention on education has not resulted in an increase of funds to this sector. The proportion of EDF programmable funds committed to education and training fell initially from 9.4% in EDF 6 to 6% in EDF 7. No figures are yet available on EDF 8.⁶⁸ An approximate total of € 1.5 billion has been allocated in the National and Regional Indicative Programmes (NIPs/RIPs) prepared for the 8th EDF: € 500 million for health, € 500 million for education, accounting for 13% of Programmed Aid. An additional € 500 million would be allocated through the Structural Adjustment Facility, accounting for a third of the resources in the facility. The priority attached to basic education within the overall education sector has been very little, but the Commission has stated its intention to pay more attention to basic health and education. However, within the 8th EDF, as with previous EDFs, the Commission prepares programmes with the ACP, but does not approve them. Programmes are approved by the National Authorising Officers (NAO) of the ACP countries and the EDF Committee. The EDF Committee of member states representatives approves all projects of more than € 2 million.

The education programmes, funded as part of Structural Adjustment Support Programmes have been difficult to identify separately. It has been extremely difficult to assess the real increases of education budgets through these means, although, if properly implemented, this should be identifiable.⁶⁹

In Tanzania and Ethiopia pilot SDP-Eds have started.⁷⁰ In Tanzania policy development took place during 1991-1994. A Social Sector strategy was developed in 1995 and in 1996 a Primary Education Master Plan was prepared, followed by negotiations on the SDP-Ed as part of the 8th EDF. An inter-ministerial policy level Education Sector Co-ordinating Committee (ESCC) was established in the same year. This has a sub-ordinate technical level Sector Management Group (SMP) with a full-time executive committee, which is supported by donors. The chair of the SMP is the first contact point for donors. The ESCC chair (currently the Principal Secretary of the Ministry of Education and Culture) chairs quarterly meetings with donors.

In Ethiopia diagnostic studies in social sectors were undertaken in 1995-1996. In 1996 the vice-Minister informed a Horizon 2000 meeting of preparations of an SDP. Communications concerning the SDP-Ed preparations were then channelled through to the World Bank. The governments' intentions were presented at a World Bank Consultative Group Meeting (CGM). A Central Steering Committee

(csc) was established in 1996 with government and donor representatives, and further preparatory discussions followed with donors. Preparatory missions were undertaken in 1997.

In Ethiopia the programme is co-ordinated by the Prime Minister's Office internally, through established inter-ministerial meetings. The Ministry of Education has launched a Sector Analysis Pilot Study on the co-ordination of information to enhance information sharing in the sector. Regional Steering Committees are to be formed.

According to an internal document of the European Commission, the experiences suggest that donor co-ordination is most effective when focused in the country concerned and led by the government. Where such meetings do not exist, donors should begin regular discussions in the country as a first step. As an SDP-Ed normally involves more Ministries than the Ministry of Education alone sectoral committees should be set up, responsible for the broader picture. They should not substitute work of the ministries but strengthen them through co-ordination.

Stakeholders should participate through mechanisms established by the government. Parallel consultation processes may be counter-productive, undermining a normal democratic process of government, which seeks to respond to public opinion. Donors can support the government's enhancement of its tools for a participatory approach to stakeholders. Management Information Systems should be an important part of SDP-Eds because insufficient and unreliable information leads to poor management of the budget. Finally, undertaking joint studies, as well as harmonising the monitoring and reporting needs of donor governments and institutions so that all share the same reports, would greatly enhance the efficiency of SDP-Eds.⁷¹

SDPs should therefore not be seen as just an exclusive EC programme. Moreover, it has been pointed out that the capacity of the European Commission is insufficient

“to take an active role in country-level negotiations. Particular concerns were expressed about over-stretched and under-resourced sectoral advisors, over-reliance on consultants, and limited technical capacity at Delegation level.”⁷²

Several studies emphasise that sector-wide approaches require a constructive engagement with all relevant donors in a particular country. Officials of some member states stress, therefore, that co-ordination should take place in the CGM of the World Bank, rather than at EU level. In reality a constraining factor is also the difference in individual capacity of member states. Within this complex context the EC is working towards “... *an agreement of principles on a firmer and more explicit basis*” for an EC approach to Sector Wide Approaches.⁷³

4.3 Co-ordination of country programmes

Co-ordination of country programmes in the EU is still very weak. It takes place at two levels: between aid agencies in donor countries and between aid agencies in recipients countries. With regards to the first the Commission has sought to develop common strategy documents of the 15 member states and the Commission for the National Indicative Programmes (NIPs). This has not been effective. The reason is that some member states, such as Italy, do not have country strategy plans themselves. Other member states follow a different time sequence as they have a different budget cycle. According to the European Commission, member states often do not send their country strategy documents. With regards to the second, for a number of countries the European Union has attempted to establish co-ordination. Between the aid agencies in the EU, there are also meetings of several regional groups, such as the Africa and Asia and Latin America groups of desk officers from the member states and the Commission.

There is some co-ordination in the recipient countries themselves between the delegations and the member states embassies and aid agencies. But in most countries this is not considered to be very effective. In the view of member states co-ordination is often seen as ineffective because the delegations of the European Commission are insufficiently equipped to provide leadership in co-ordinating the EU countries. Obviously, this problem is partially caused by the lack of staff capacity in the European Commission, including the delegations. Moreover, political will in the EU member states supporting EU co-ordination is a decisive factor that may not always be present at the operational level.

In ACP countries, the role of the delegations of the European Commission is further weakened by the EDF Committee. This committee approves projects and programmes under Lomé to ACP countries. The EDF committee consists of EU member states representatives and the European Commission. The existence of the EDF committee complicates and slows down procedures for approval and implementation of the EDFs. The EDF committee, which meets on a regular basis in Brussels, also complicates decentralisation efforts because it substantially reduces and limits the role of the EU delegations. In doing so it exacerbates the image of the EU delegations as ineffective and bureaucratic institutional outlets.

4.4 Co-ordination with the Bretton Woods institutions

Since 1990 co-ordination between the European Commission and the IMF and World Bank has been somewhat improved. The modalities for co-ordination with

the IMF were established by an exchange of letters in 1990, and encompasses exchanges of information; contacts between services; informal contact on the preparation of Policy Framework Papers; and bilateral consultations on political/economic issues.

A High Level Meeting between the European Commission and the World Bank held in July 1996 established modalities for co-operation between the two donors in the area of Structural Adjustment, such as joint missions, consultative groups, and co-operation in sectors, such as co-financing and joint analyses. Recently collaboration between the European Commission and the World Bank has been enhanced, in relation to the Africa Region. In February 1998 a high level meeting was held between the European Commission and the World Bank in Baltimore. The agreements for co-operation incorporate activities such as Joint Country Review Exercises between the EC and the World Bank.⁷⁴

Nevertheless, the European Commission does not sit on the boards of the Bretton Woods institutions, because of member states opposition. In addition there is no co-ordination of the member states on these boards – although lately some initiatives for strengthened co-ordination have been taken in the IMF following the introduction of the euro. However, these efforts are only at an embryonic stage. Consequentially, the political weight of the USA is much stronger than the EU despite the much larger financial contributions of the EC to the World Bank and the IMF.

Yet, most member states officials stress the importance of operational co-ordination and that co-ordination should be lead by the recipient country. However, experience related to Structural Adjustment Support shows that very few decisions are taken 'in the field'. In most cases preparations of programmes are made in Brussels, unless there are structural adjustment experts in a delegation. Very few countries are able to propose co-ordination on structural adjustment, in which area the World Bank is seen as the leader. Recipient countries do not want to antagonise the World Bank.

4.5 Reporting Progress

The Commission stated intention is to work more systematically on achieving greater complementarity and co-ordination. Rolling programming, discussed in chapter 7, in a continuous dialogue between the EU and the ACP is seen as one way of achieving this. With a greater role in the ACP countries for the EU delegations and the NAO/RAO, co-ordination networks with member states and other donors, such as the World Bank, could become more effective. However, this requires a

fundamental revision of the centralised role of the Commission Headquarters in Brussels and the approval structure in the EU with the EDF Committee of member states representatives. Effective decentralisation will require a transfer of decision-making power to the delegations.

Many of the resolutions and conclusions adopted and agreed by the Council incorporate a reporting mechanism in order to review progress. Ideally, such progress should incorporate progress made by the member states. Unfortunately only with the gender resolutions and conclusions has this progress been monitored and reported on in a systematic way and with inclusion of the member states. In relation to other resolutions, such as the resolution on human and social development or the resolution on coherence, no reports have been prepared to review progress, even though these have been requested by the Council. This is not acceptable, because such reports are important tools measuring progress made in the implementation of the resolutions by the member states and the Commission.

4.6 Conclusions

The commitments made in the series of UN Conferences, that were negotiated with developing countries, should continue to provide the basic framework for EU development policies. Most member states agree that co-ordination of aid policies is imperative for a successful implementation of the targets agreed on during these conferences. No country can implement the targets on its own. The EU provides more than 50% of total DAC ODA, yet its political influence in the multilateral organisations and in relation to aid policies concerning the recipient countries is limited due to lack of co-ordination between EU member states and the European Commission.

Most EU member states stress the importance of developing countries leading co-ordination of aid efforts in their own countries. However, experience shows that few decisions are taken by governments of recipient countries. The World Bank almost exclusively directs co-ordination of Structural Adjustment Programmes. In order to increase the 'ownership' of aid programmes in developing countries it is necessary that the EU works to achieve change to that effect in the Bretton Woods institutions. Co-ordination in the EU of sectoral policies, such as health and education, in close co-ordination with recipient country governments, is one way of achieving greater 'ownership' of aid policies by developing countries.

However, co-ordination between the EU aid agencies is also weak, due to the limited capacity of European Union delegations in the developing countries. Additionally, structural problems between the delegations and Headquarters in

Brussels lead to over-centralisation of procedures and leave little space for delegations to develop policies at country level in the field. Operational preparations of programmes are made in Brussels and financial decisions on the EDF are taken by the EDF Committee, which is a committee of member states representatives.

Lack of co-ordination in the EU results, therefore, largely from unresolved political questions concerning the role of the Commission and the powers of the member states. It can only be resolved if the role of the Commission vis-à-vis the member states is clarified. Re-nationalisation of aid policies, as suggested by some politicians, is not an answer that will help to cope with the question of how Europe develops effective North – South policies coherent with other European policies. It is imperative that the expanded role given to the European Commission be matched by an extension of powers and capacity to implement the programme in an effective and efficient way. These powers need to be much more clearly defined by the member states.