Ministry of Foreign Affairs of the Netherlands

IOB Evaluation

The Netherlands and the European Development Fund - Principles and practices

Evaluation of Dutch involvement in EU development cooperation (1998-2012)

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Preface

The issue of the future of Europe's relations with its colonies and overseas territories came up during the negotiations on establishing a European common market in May 1956. The Dutch considered the demands of France and Belgium, to set up an investment fund for these areas and to provide a guaranteed market for their products rather hard to digest for both political and financial reasons. The Netherlands did not want to share in the financial brunt of such a fund, with little say on how it would be used and with a contribution that was likely bigger than the economic advantages that it could expect. While the Dutch Government was more ready to agree to a deal on trade relations, it only gave in on the funding issue when it became apparent that a simple 'no' would not be acceptable to the other five nations sitting around the negotiation table and could risk that the European project would be abandoned. Eventually, the Netherlands government and parliament, still not jumping of joy, agreed to a German compromise on the issue. Ratifying the Treaty of Rome, the Netherlands thus aligned itself with the EEC's intention '*to confirm the solidarity which binds Europe and the overseas countries and desiring to ensure the development of their prosperity, in accordance with the principles of the Charter of the United Nations*.' It also agreed to contribute to the 5-year Development Fund for the Overseas Countries and Territories '*for the promotion of social and economic development of these countries and territories, thereby 'supplementing the efforts made by the authorities responsible*.'

Since those days, the European Economic Community has turned into the European Union with membership increasing from six to 27 at present. The Treaty on the Functioning of the European Union (2010) still repeats the above solidarity statement of 1957. Since 1964, the initial internal agreement on the association of overseas territories with the Community of 1957 has been supplemented by a series of international treaties. These were signed with an increasing number of African, Caribbean and Pacific (ACP) countries, with the Cotonou Partnership Agreement of 2000 as the most recent one in force. In the 45 years since Rome, the socio-economic and political context in which Europe deals with its former colonies and overseas territories as well as its neighbours has gone through drastic changes. In parallel, there has been an important evolution in the thinking on EU development cooperation and its link to EU foreign relations. What has become the European Development Fund (EDF) has survived these storms and continues to be operational to date, though not without the necessary debate.

From a rather aloof participant in the early years, the Netherlands has become an involved but critical player in EU development cooperation. Exchanges in the Dutch parliament show a lively debate on the quality and effectiveness of EU development cooperation though the distinction between EU development cooperation in general and the EDF is often blurred. During these exchanges in Parliament in July 2011, it was announced that a '*major policy evaluation*' on EU development cooperation focusing on the EDF was envisaged that would constitute an important and impartial input for making a judgment on future Dutch contributions to the EDF. This report reflects the finding of this policy evaluation. Prepared by Policy and Operations Evaluation Department (IOB) of the Ministry of Foreign Affairs, its overall purpose is to account for Netherlands funding and other inputs provided for EU development cooperation in the period 2000-2010 and - based on the findings of this policy evaluation - gain lessons for future policy development and implementation.

The report was written by Paul G.de Nooijer of IOB. He was supported by Cheshta Baboeram Panday as research assistant and a Berenschot - SEE research team. Internal quality support was provided by Antonie de Kemp and Ted Kliest. A reference group, chaired by Henri Jorritsma of IOB, has given advice. Members were Pieter Stek, former governor of the Netherlands at the World Bank, Paul Engel and Niels Keijzer of the European Centre for Development Policy Management (ECDPM), Martyn Pennington, head of the European Commission's Joint Evaluation Unit, and Pieter Jan Kleijweg de Zwaan, Heleen Bakker and Robert van Dijk of the Ministry of Foreign Affairs.

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Acronyms and abbreviations

ACP	African Caribbean and Pacific
AIV	Advisory Council for International Affairs
APF	African Peace Facility
AU	African Union
BNC	*Beoordeling Nieuwe Commissievoorstellen* (Assessment new Commission proposals)
CFSP	Common Foreign and Security Policy
COREPER	*Comité des Représentants Permanents*
CSP	Country Strategy Paper
DCI	Development Cooperation Instrument
DEVCO	Directorate General for Development and Cooperation
DG	Directorate General
DGDEV	Directorate General for Development
DIE	Department Integration Europe (Netherlands Ministry of Foreign Affairs)
DIE/EX	External Unit of the department Integration Europe
DRC	Democratic Republic of Congo
EC	European Community
ECHO	European Commission Humanitarian Aid and Civil Protection
ECU	European Currency Unit
EDF	European Development Fund
EEAS	European External Action Service
EEC	European Economic Community
EIB	European Investment Bank
EIDHR	European Instrument for Democracy & Human Rights
ENLARG	Directorate General Enlargement
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Policy Instrument
EP	European Parliament
EPA	Economic Partnership Agreement
ESDP	European Security and Defence Policy
EU	European Union
EuropeAid	Europe Aid Co-operation Office
FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organisation
GBS	General Budget Support
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GNI	Gross National Income
HIPC	Highly Indebted Poor Countries
HRVP	High Representative for Foreign Affairs and Security Policy and Vice-President of the Commission
ICT	Information Communication Technologies
IfS	Instrument for Stability
ILO	International Labour Organisation
iQSG	Inter service quality support group

JAES	Joint Africa-EU Strategy
JEU	Joint Evaluation Unit
KfW	Kreditanstalt für Wiederaufbau
LDC	Least Developed Country
MDG	Millennium Development Goal
MTR	Mid-Term Review
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
OCT	Overseas Countries and Territories
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OLAF	European Anti-Fraud Office
PCD	Policy Coherence for Development
PFM	Public financial management
PRSP	Poverty Reduction Strategy Paper
RELEX	Directorate General for External Relations
RIP	Regional Indicative Program
ROM	Results-Oriented Monitoring system
RSP	Regional Strategy Paper
STABEX	*Système de Stabilisation des Recettes d'Exportation*
SYSMIN	System of Stabilization of Export Earnings from Mining Products
TEC	Treaty establishing the European Economic Community
TEU	Treaty on European Union
TF	Trust Fund
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

Summary and conclusions

Aid by the European Union is financed from the budget line for external relations of the regular European Union (EU) Budget and the European Development Fund (EDF). Since the 1950s, the EDF is subject of a separate internal Agreement between the Member States that is valid for a period of 5 years. Since the 1960s, this agreement is linked to an agreement between the EU and a group of African, Caribbean and Pacific (ACP) countries. The most recent agreement is the Cotonou Partnership Agreement that was signed in June 2000, revised in 2005 and 2010, and in force till 2020. For the EDF a separate contribution key has been agreed upon among the Member States that differs from the one used for the EU budget.

The Netherlands contribution to the EDF in the period 2002-2010 was EUR 1,047 million; its share was 5.22% of the 9th EDF (EUR 13.5 billion) for the period 2003-2007 and 4.85% of the 10th EDF (EUR 22.7 billion) for the years 2008-2013. The EDF finances country and regional programmes and an intra-ACP envelope, all managed by the Commission and the focus of this evaluation, and the Investment Facility that is managed by the European Investment Bank. The EDF is implemented through projects, programmes and sector support using three financing modalities, i.e. EU procurement and grant award procedures, common pool funds, and general and sector budget support. Additional financing mechanisms were introduced to support countries to cope with major losses in export earnings and the negative consequences of soaring food prices. EOF management is partly centralised and partly decentralised.

Main findings

The Dutch position with respect to EU aid

Since 1957, a series of EU treaties that were ratified by the Netherlands, have mandated the EU to play a role in external relations and development cooperation. Union and Member States have a shared competence in these areas since the Treaty of Maastricht (1992), but specific responsibilities have never been fully clarified. While originally EU aid was to serve the needs of the colonies and overseas territories of EU member states, it has become more and more an integral part of EU's overall foreign relations policy, reflecting European values like democracy, human rights and solidarity, and also serving its political, economic and security interests. The Netherlands, though reluctant in the early years, has endorsed this view for decades.

The Netherlands has argued for the importance of EU aid from different perspectives, including – and this is not a new phenomenon – its own economic interests as these are served by a strong and integrated EU foreign policy. The Netherlands also considered the EU as an important vehicle for advancing Dutch basic values such as those related to human rights and the rule of law and for giving a stronger response to major global challenges such as poverty, security, state fragility, climate change, open and fair trade, as well as migration. Working through the Union was to give the Netherlands more weight to accomplish its aims than when working on its own. At the same time, its position on the added value or complementarity of EU aid vis-à-vis Dutch bilateral aid has changed quite frequently. Though it was repeatedly stated that the EU should focus more, the Netherlands has not hesitated to put its own priorities on the European aid agenda. In the absence of clear definitions of complementarity or added value, Dutch views on areas where the EU aid should focus have been guided by a (combination of) four considerations: (i) the Commission was (supposed to be) 'good' in these areas; (ii) the Netherlands was not involved or the preferred areas *also* represented Dutch bilateral aid priorities; (iii) the Commission was virtually the only European actor with sufficient resources to have impact, and (iv) because of its 'political neutrality', the Commission had more (political) leverage for addressing issues of good governance, judicial reform and human rights.

The Dutch role in the design of EU aid policies and treaties with the ACP countries

According to Dutch priorities, the ultimate aim of EU aid ought to be sustainable poverty reduction or alleviation. In line with the core principles of the Maastricht Treaty, EU aid had to focus on the least developed countries (LDCs). At the same time, successive Dutch governments have advocated for an EU role in the not-so-poor countries at the Union's borders and for support to the poor living in low and middle-income countries in Asia and Latin America. Moreover, particular attention had to be paid to the security-development nexus, especially in Africa. The Netherlands also stressed that the EU has a particular mandate in dealing with policy coherence for development, focusing on the coherence between development aid and the Union's policies on agriculture and fisheries, trade, environment (2001-2009) as well as migration, employment, energy and peace and security (2004-2009). Since the Policy note '*Kwaliteit van de Europese Hulp*' of 1999, the Netherlands has put emphasis on improving the quality of EU development aid. Aid quality was a broad term, covering also issues like the fragmentation and centralisation of aid management, the sluggishness of the aid system and the lack of information on results. In more recent times, the provision of general budget support by the Commission has dominated the Dutch agenda. Positions were initially synchronised; however, from 2008 onwards Dutch views on general budget support have become more critical

The evaluation shows that both the generic EU aid policies that have been agreed upon since 2000 and the Cotonou Agreement contain the same priorities that characterize Dutch bilateral aid policies: ownership, poverty focus and working towards the MDGs, integration of political aspects and European and Dutch values referred to above, as well as the attention for policy coherence for development. Like other Member States, the Netherlands has fully participated in the design of EU aid policies and eventually agreed upon all these policies at Council level.

The need for reform of Brussels' comitology, i.e. away from micro management and scrutiny of individual projects and programmes, has been debated for many years. However, little has changed as is obvious from OECD's peer review of 2012. The prime responsibility for this situation is with the Member States. The Netherlands for example, irrespective of its earlier desires to reform, continues to announce that it will follow approvals of country programmes and projects closely and will object on a case-by-case basis to proposals on general budget support – mainly 'for the record' as on its own it lacks the power to determine the decision-making process.

For many years, the Netherlands advocated for incorporation of the EDF into the EU budget. Since no unanimity could be reached among the Member States, this budgetisation has not taken place and the role of the European Parliament has been more restricted than for other EU aid instruments. The issue of budgetisation will come up again when any successor of the Cotonou Agreement will be on the negotiation table.

The poverty focus of the EDF

In terms of overall EU aid flows, conflicting demands on where the EU should focus its aid have resulted in a fluctuating share of EU aid going to the least developed countries and other low-income countries. In general, this share was lower than the share of the Member States' own aid programmes. The situation is different for the EDF, with 75% of resources allocated to LDCs among the group of ACP countries and 11% going to other low-income countries. This is in line with the differentiated approach that was introduced with the Cotonou Agreement – which, like the Maastricht Treaty of 1992, centred on the objective of reducing and eventually eradicating poverty – with poverty criteria playing a key role in allocating resources at country level. The Agreement also marked the end of the earlier entitlement approach and attention for 'needs plus performance', which the Netherlands has considered important. Within the framework of the EDF, this generic focus on poverty is furthermore translated into country strategy papers and national indicative plans that are linked with national government's own poverty reduction strategies. Globally, 70% of EDF resources went to Africa.

Regarding the poverty focus of EDF interventions, around one third of the funds was set aside for social infrastructure and services that have a direct poverty orientation, including health, water and sanitation as well as education. In addition, general budget support is often tied to results in these sectors. Confirming findings of IOB's own evaluations, EU sector and country evaluations and the European Court of Auditors conclude in this respect that EU aid has contributed to: (a) increased availability of (primary) education services and higher enrolment and completion rates, also for the poorer sections of society with education quality remaining a concern, (b) improvements in the coverage and quality of health services, though opinions differ whether these health services specifically served the needs of the poor. Accounting for 15% of EDF spending, economic infrastructure and services, including energy and road infrastructure, has been another main sector in which the EU has been active. Commission evaluations tend to be less positive on the extent to which the poor were specifically targeted and whether they have actually benefited from new or better roads. Support for productive sectors (from agriculture to industry) has been limited to some 13% in the period 2000-2011.[1] For parts of the intra ACP envelope there is a deliberate poverty focus, with funding set aside for e.g. the Global Fund to Fight Aids,

1 These figures exclude spending under the Investment Facility, with over 30% of the loans provided in the period 2004-2009 used for industrial development.

Tuberculosis and Malaria and the Fast Track Initiative for education. This is far less the case for the regional programmes with their emphasis on support for regional economic integration.

The importance of ownership in EU aid

The evaluation shows that Country Strategy Papers are developed in consultation with partner countries and are usually closely linked with their poverty reduction strategies. Consultations focus on national government institutions, with the Planning and Finance Ministries that are home to the National Authorising Officers (NAOs) taking a pivotal role. The involvement of other national actors, including parliament, civil society and private sector is more limited, despite EU efforts to engage them. The situation differs from country to country, depending amongst others on central Government politics, the strength of the position of these other institutions vis-à-vis the central Government and their institutional capacity, which is often still limited, despite the efforts made to strengthen them. At the same time, in response to desires from the European Parliament and/or the Member States a series of facilities and trust funds was established under the EDF in water, energy and infrastructure that have remained outside the national programming process and are implemented through calls for proposals.

The Netherlands and Commission views on budget support

Until the Agenda for Change of 2011, the agreement at EU level was that budget support, whenever possible, was – for various reasons – the preferred aid modality. This is e.g. evident from the European Consensus of 2005, a range of Council conclusions, as well as Council guidelines for Accra of 2008. Until 2008, this position was in line with the Dutch position that the Commission ought to move away from the traditional projects and programmes on the condition that the eligibility criteria for budget support of the Cotonou Agreement were met. Consequently, a considerable part of EDF has been used to provide either general or sector budget support. Between 2002 and 2010, expenditures on general budget support under the EDF have more than doubled, increasing from €465 million to €970 million, totalling some €5.2 billion during this period. Sector budget support commitments have summed to some €2 billion in the period 2003-2010. With few exceptions, this support was provided together with either EU Member States and/or other donors, in particular the World Bank.

In terms of results, evaluations refer specifically to the contribution of general budget support to maintaining and increasing Government spending in social sectors, a certain reduction of fiscal deficits and improvements in public financial management and statistical systems. Moreover, it has enabled the Union to contribute to the development of specific sector policies, though, as observed by the European Court of Auditors, Delegations did not always have the necessary staff for doing so. On a more critical side, the European Court of Auditors has repeatedly raised concern with regards to (i) the flexible way in which the Commission, like e.g. the World Bank, has dealt with the interpretation of the eligibility criteria of the Cotonou Agreement, especially with respect to weaknesses in public finance management, (ii) insufficient monitoring of public finance reforms; (iii) the weak quality of budget support agreements, though improving under the 10th EDF, (iv) the lack of realism of some of the performance indicators tying disbursements to indicators that take considerably more time to change, and (iv) limited coordination with other donors and key national institutions like parliaments and supreme audit institutions.

From 2008 onwards, the Dutch position on budget support has changed substantially. The Dutch Government considered that the EU, like the Netherlands, should become more selective in providing general budget support. At the same time, the Netherlands appreciated the introduction and proposed continuation the instrument to support ACP countries to cope with soaring food prices (V-FLEX), despite the fact that budget support is used to support the countries that are eligible. Several efforts have been made over the years to get the Dutch views on budget support accepted in Brussels. To a certain extent these views are indeed reflected in recent Council Conclusions and recent Commission statements on the political conditionalities that have to be fulfilled *before* budget support can be provided.

Reporting on results

Despite Council requests to step up reporting, the Commission does not report sufficiently on (net) outcomes, for example in relation to the MDGs. There is little systematic information on what has been achieved, for whom, and what changes this has brought for people's lives. Rigorous impact evaluation is rarely done.

Commission evaluations do not report on the results of general budget support in political terms and e.g. the impact on human rights, democracy and the rule of law.

Overall, evaluations indicate that *sustainability* of the results of aid interventions remains a concern, despite more ownership and alignment with national priorities. There is still limited generation of own funding in LDCs and considerable degree of donor funding dependency in some.

Commission evaluations observe that attention for *cross-cutting issues* (like gender and environment) often exists on paper, but less so in practice, apart from the occasional specific project or programme.

The importance of policy coherence for development (PCD)

The Netherlands took the lead in starting an informal PCD network among several EU Member States; this network continues to exist though not all members are really active. While PCD *avant la lettre* is already mentioned in the Maastricht Treaty, it comes back full force in the document 'Policy Coherence for Development – Establishing the policy framework for a whole-of the Union approach' of 2009. Since 2007, the Commission has produced three reports on PCD, focusing on awareness, policies and institutional arrangements in the Member States. However, little research has been done on the actual impact of PCD measures at the level of developing countries. Though the topic is incorporated into country strategy papers, PCD is not an issue that features predominantly in Commission evaluations and when it appears, focus is mostly on the (lack of) coherence between aid and trade policies.

The importance of the security-development nexus has been recognised at the European level – including the European Security and Defence Policy of 2003. The Cotonou Agreement included provisions on the issue that were reinforced in its revisions of 2005 and 2010. In operational terms, this has been translated into the establishment of the Africa Peace Facility (2003), an initiative that was welcomed by the Netherlands. This has been regarded as one of the more successful initiatives under the intra-ACP component of the EDF, though its long-term funding remains a concern.

The added value or complementarity of EU aid

The Lisbon Treaty did not change earlier agreements from the Maastricht Treaty of 1992: development cooperation remains a shared responsibility of Union and Member States. The lack of clarity on the meaning of the concepts of 'added value' or 'complementarity' in debates on the division of labour and the focus of EU and bilateral aid programmes have remained. Policy documents that have been agreed upon since 2000, including the European Consensus of 2005, have not been of helpful to make matters clearer. They provide a long list of areas in which *Community* aid ought to have comparative advantages – i.e. from trade to employment – without clarifying who should do what. The question what the Commission is supposed to do, if it is not to be just another European donor, has never been clearly answered.

Moreover Commission evaluations show that there is no *communis opinio* on specific sectors in which the EU would have specific added value or whether and how it could derive this added value from its position as '*fédérateur*' in ensuring cooperation between the Commission and the Member States. Most frequently, the volume of EU aid is considered as its main added value, as more money allowed – at times – having more influence on sector policies and producing more visible and effective results as in the case of budget support. Added value was furthermore derived from continued presence of the Union and the fact that it was not tied to particular national interests.

Still, since 2000, it has been agreed that EU aid should focus on a limited number of areas in which it would have a comparative advantage or added value – the same would be true for the Member States' bilateral aid. So far, this has not been translated into practice – neither by the Member States, nor by the Commission. In reality, EU country programmes often include general budget support and a limited number of broadly defined focal sectors and even broader non-focal sectors. The same is true for a country like the Netherlands, which opted in 2010 to focus on sectors in which the Netherlands was supposedly good. Apart from road infrastructure, both Commission and Member States attempt to find their niche in the same sectors – where they continue to meet frequently in the many coordination mechanisms that exist at country level. From the EU side, the notion of limited sector focus is furthermore affected by the fact that the above thematic instruments and facilities are not part of the country programming exercise. Synergies between these different EU aid instruments are not always evident. There is also a less than optimal relationship between the different EDF instruments and the Investment Facility.

Enhancing cooperation and coordination among Commission and Member States has been high on the Dutch agenda as well. In practice, consultations between the two take place at country level and in a variety of formal and informal settings. The quality of the interaction remains variable, little is done jointly, while the mandate of the EU Delegations in coordination is either not clear or limited. Coordination is still affected by differences in programming cycles, planning procedures, funding and aid priorities, coupled with diverging views on the complementary role or added value of EU aid and diverging views on the political aspects of the relationship with the ACP countries. What new initiatives will bring in this respect remains to be seen. In line with its traditional emphasis on effective multilateralism, the Netherlands appreciated the various steps taken by the Commission in 2001 and 2003 to increase EU aid funding through the UN and the World Bank.

Regional and global integration

EU support for regional and global integration of ACP countries was to be the natural mandate of the Union, given its own historical development. While an increasing share of the EDF has been devoted to support regional integration, this presumed comparative advantage is not confirmed by the findings of regional evaluations and the European Court of Auditors which register that results have been either disappointing or could not be identified. Nevertheless, under the 10th EDF regional component increased. Major problems were identified related to: (a) the selection of regional partners, with overlapping institutional frameworks, especially in Africa, and with limited capacity, also in monitoring and evaluation; (b) regional integration is still not a priority for the members that attach more importance to building up first their own national institutions; (c) insufficient management of the programmes and fragmentation of management responsibilities between EU Delegations. The complex set-up of the regional constellations has been one of the factors that contributed to protracted and often inconclusive negotiations on the Economic Partnership Agreements.

To date, the EPAs, which have been the focus of an important part of the regional programmes, cannot be qualified as a success story. Only in the Caribbean is there a comprehensive regional EPA, elsewhere there are bilateral interim agreements with (groupings of) individual countries. Main issues that have transpired in the negotiations relate to: (a) a lack of common understanding and approach to the new trading agreement, with ACP countries doubtful whether the EPAs would serve their interests, (b) limited capacity on the ACP side to effectively participate in the negotiations, (c) the complexity of the institutional framework on the ACP side, (d) concerns about contentious provisions in the agreement and (e) insufficient accompanying measures to address supply-side constraints. For the LDCs among the ACP countries, the Everything But Arms regulation has provided to a certain extent a way out of the stalemate.

Finally, looking at ACP-EU trade volumes over the last decade, the available global trade data show for the period 2000-2011 that: (a) in terms of value these have expanded with a dip in 2009, (b) for ACP countries, the EU has remained an important trade partner but that its share of ACP exports has declined, (c) for the EU, imports from the ACP countries accounted for only a minor share of total EU imports, (d) there has been little in terms of ACP export diversification, with the bulk still consisting of raw materials, mineral fuels (oil and gas) and most countries still dependent on a few commodities and (e) only very few countries, including South Africa, accounting for the bulk of ACP exports to the EU.

Aid management reforms

An EU aid management reform agenda was introduced at the start of the new Millennium. It comprised the establishment of EuropeAid, the strengthening of (financial) management, internal control and oversight functions and, in parallel, the devolution of aid management tasks to the EU Delegations. While policy matters related to the ACP countries remained with other Directorates General, the creation of EuropeAid meant the integration of the entire aid operations cycle (from programming to evaluation) into one organisation. A quality control function was set up to improve aid programming by the EU Delegations. Though this function appears to have functioned to a certain extent, programme design constraints continue to be observed, e.g. in relation to general budget support and regional programmes.

With the Lisbon Treaty, important changes have taken place in the management set-up in Brussels in 2010 and 2011: the establishment of the position of HRVP and the creation of the European External Action Service (EEAS) and the Directorate General for Development and Cooperation (DEVCO). At country level, Delegations have become EU Delegations, representing the Union in its entirety – not solely the Commission. Though it is too recent to give a final opinion on what has been accomplished, a series of issues has transpired in terms of (a) need for an overall EU foreign relations strategy, (b) staffing of the EEAS by Member State diplomats, and (c) demarcating responsibilities between the EEAS and other DGs with an external mandate (especially as regards policy coherence for development) both in Brussels and at country level.

Devolution implied that aid management tasks moved away from Brussels and closer to the EU Delegations in 'the field'. However, not all decisions have been devolved: delegations have authority over individual financial decisions but approvals of country programmes and changes therein and the release of budget support payments remained centralised. In the devolution process, over 1,550 staff posts were transferred to Delegations and their contracts and finance sections were established or strengthened. By 2009, 70% of Commission aid staff was working outside Brussels. Delegations are expected to monitor aid implementation *together* with national authorities, including the NAOs. The limited capacity of the NAO offices remains a concern, requiring additional effort from the Delegations. Whether Delegations have the right level of staffing has been subject of continuous debate. In terms of staffing, the Commission had to operate in a zero-growth environment that was insisted upon by the Member States, despite increasing aid budgets. At the same time, problems are experienced in terms of high vacancy rates (especially in fragile states), nominating large numbers of *agents temporaries*, and limitations for getting staff with the required professional background and experience instead of generalists as asked for by the Member States. Getting more people in EU Delegations through the EEAS has not solved staffing constraints, neither do the increased demands from Member States such as the Netherlands to make EU Delegations responsible for other, non-aid matters (like consular affairs). Tendencies to go back to the time-consuming and labour intensive approaches of projects and programmes might complicate matters further.

Financial planning and reporting

Annual audits of operational EDFs by the European Court of Auditors show that the Court's assessment of the performance of the Commission in ensuring financial scrutiny and in dealing with financial management, risk management and financial planning and reporting have improved steadily over the years. By 2011 it concluded that EuropeAid's annual reports gave a fair picture of the implementation and results of the supervisory and control systems put in place. Auditing at country level has improved as well. While compliance with procedures has increased and action was repeatedly taken to streamline, harmonise and simplify them, the complexity, lack of flexibility and the lengthiness of the procedures themselves continue to be subject of considerable debate. Commission, Member States and Parliament share the blame for this state of affairs.

The European Court of Auditors noticed improvements in financial management and control, in line with its recommendations. Nevertheless, it has continued to ask for further improvement since irregularities, primarily of a procedural character, were still observed regarding commitments and payments at country level, though with variable or negligible financial implications. The establishment of contracts and finance sections at Delegations has been helpful in this respect though the Court has consistently reported an estimated material level of error for payments of between 2 and 5%. Another major issue in the late 1990s and early years of the new Millennium was that resources available were either not committed or they were committed but not full spent. This resulted in major aid reserves that remained unused and in considerable amounts of old and dormant '*Reste à Liquider*' (RAL). According to the European Court of Auditors, improvements in financial management and planning have contributed to a reduction of under-expenditure of resources available since 2004. By 2011, the Court concluded furthermore that fewer new aid interventions were experiencing significant delays. That financial planning targets are not reached in recent years is primarily due to the following reasons: (a) the non-payment of budget support tranches because partner countries did not meet their obligations, (b) delays in infrastructure works, (c) delays in programming or approval of financing decisions or (d) the suspension of aid as a result of appropriate measures taken following Article 96 consultations.

Allegations of fraud related to EU external relations are investigated by the European Anti-Fraud Office (OLAF). In the period 1999-2010, OLAF initiated some 690 such cases of which a third was closed as a non-case in 2009 and 2010. While OLAF focuses on fraud that is not dealt with by the Member States, the share of foreign aid related cases of the total number of cases investigated was below the share of external relations of the Commission's overall budget. The Commission initiates action to retrieve misused funds and is relatively successful in this respect.

Monitoring and evaluation

In terms of changes in monitoring and evaluation, a Results Oriented Monitoring (ROM) system was introduced to allow externally contracted experts to make 'snapshot' assessments of aid implementation. The system focuses on individual projects and its usefulness for reporting on aggregate levels is doubtful.
A Joint Evaluation Unit (JEU) was set up within EuropeAid to handle all 'strategic' aid evaluations. The call for a completely independent external aid evaluation service has not been honoured, even though the Unit is not subordinate to management, operational or policy departments. Member States' emphasis on evaluation has not been translated into making more resources available. Relative to the volume of EU aid, the JEU remains modest, both in terms of staffing and budget, and important components of the EDF (including e.g. the Facilities under the Intra ACP envelope) have not yet been evaluated. At the same time, the JEU has played an important role in developing methods for the evaluation of general budget support and in promoting joint evaluations. The JEU, focusing on more strategic evaluations, has no oversight over decentralized evaluations done elsewhere in the system. The Commission's management response system, in terms of follow-up given to evaluations, has been found not to function optimally.

Transparency

The importance of transparency on aid flows, both from an aid effectiveness perspective and from the perspective of keeping the EU taxpayer informed on results, is increasingly recognised. The Commission has improved in this respect and a host of documents (policy documents, annual reports, audits, tendering files, JEU evaluation reports, etc.) are now publicly available through Internet. Moreover, the Commission, like the Netherlands, has joined the Aid Transparency Initiative. On transparency, the Commission therefore scores relatively well. At the same time, many of these sources provide little information and analysis on aid results and impact. Availability of public information at ACP country level (decentralised evaluations, annual reports, reviews, etc.) is still rather limited.

The political dialogue

The Netherlands and the Council have repeatedly stressed the importance of the political aspects of the Cotonou Agreement and of the Article 8 political dialogue between the EU and the ACP countries. This dialogue was to cover a broad range of topics, including but not limited to respect for human rights and fundamental freedoms, democratic principles and the rule of law and good governance. At country level, opinions differ on the quality of the political dialogue and the forcefulness with which it was and could be conducted. Some confirm that it has been weak or non-existent in countries like Angola, Chad, Eritrea, Ethiopia, Djibouti, Lesotho, Malawi, Senegal, or Tanzania, while others are more positive, examples are Liberia, Rwanda, and, to a certain extent, Uganda. Moreover, it is evident that the dialogue is more successful when conducted by EU Delegation *and* Member States in union. Nevertheless, there has been little systematic research on what the Article 8 political dialogue has meant in practice and what the results have been Findings of the country evaluations that report on this dialogue are variable. Occasionally it has led to positive results (e.g. the adoption of a new law on media reform in Rwanda).

Article 96 consultations

The Union has selectively initiated Article 96 consultations when the Article 8 dialogue dramatically failed. This has concerned 12 ACP countries in period 2000-2010. Consultations were always called in response to coups d'état but also in other cases of a sudden, drastic worsening of the political and human rights situation and in response to flawed election processes and violations of other fundamental freedoms. An exception was the case of Togo. They were initiated regardless of economic or strategic interests in the country concerned. There have been no cases where human rights violations were the only motive for holding consultations. When the political situation was precarious, such as during a civil war, or when a country was on the verge of a peace agreement, the EU usually decided to walk the road of silent diplomacy. Article 96 consultations were definitely not invoked in *all* cases of serious breach of the essential and fundamental elements of the Cotonou Agreement.

The Union has applied appropriate measures, both positive and negative, including the suspension of aid, as well as sanctions in line with its Common Foreign and Security Policy. Success of the measures taken, defined in terms of sufficient progress in addressing the reasons for which the dialogue was initiated and for the EU to resume aid, has been diverse. Positive examples include Guinea Bissau and Mauritania; less successful cases were Guinea-Conakry and Zimbabwe. Key success factors included: the selective use of the tool and the timeliness of initiation of the Article 96 consultations (consultations are called only when the EU believes that it stands a reasonable chance of influencing the authorities of the country concerned – which was higher when its dependency on EU aid was higher), and the political will of the local authorities. Moreover, coherence in the actions taken by the EU as a whole and by the individual Member States, the involvement of 'friendly countries' or 'ACP peers', neighbouring countries and regional organisations, and the use of appropriate measures that combine carrots and sticks have a positive influence.

Main conclusions

- *There is a growing convergence between EU aid policies and the key principles of Dutch aid*

Over the past twelve years, generic EU aid principles, agreed upon at Council level, have shown significant progress. The same is true for what is pursued within the framework of the Cotonou Agreement. To a considerable extent, they reflect key principles of the Netherlands – including a focus on poor countries, poverty alleviation, ownership, a link with the MDGs, incorporation of key political aspects – ranging from human rights, democracy, to good governance – and attention for the development-security nexus. Realism is called for when attributing this development to solely Dutch interventions. The policies agreed upon in Brussels reflect a compromise between Member States, Commission and the European Parliament. The Netherlands has indicated at times – referring to the notion of shared competencies in EU aid in the Maastricht Treaty – that it might opt out of such agreements. In other cases, it was asked to renegotiate an agreement by the Dutch Parliament. Such selective shopping, which was also done by other Member

States in relation to the political side of the Cotonou Agreement, contributes little to strengthen a potentially influential Europe aid programme.

- *The Dutch view on complementarity and added value of EU aid has changed quite frequently*

The issue of complementarity or added value of EU aid in relation to Dutch bilateral aid and whether the EU is just another European bilateral donor and/or has to play a coordinating role, has been subject of continuous debate. However, without coming to a clear-cut position. The Netherlands position on what the Commission's sector-wise priorities ought to be, has altered frequently – reflecting the different priorities of the seven governments of different political signature that were in place in the period 1998-2012. In line with a more consistent position of the Netherlands, road infrastructure and peace and conflict have been key areas in which the EU has been active, while for rural development this has been considerably less so. Whereas regional integration has been considered the natural habitat for the EU, the limited results it has realised so far in this area merit urgent attention.

Attempts to enhance EU coordination and cooperation at country level and to demarcate a limited number of sectors have so far not been very successful. Little was undertaken 'jointly', an exception being general budget support. Though information exchange has improved and at country level a host of coordination and consultation mechanisms is in place, little account was taken of EU interventions in the programming of Dutch aid. Division of labour and sector focus, as well as ownership on the side of the ACP countries, have not been enhanced by EU policy statements that refer to the comparative advantages of Community as a whole, broad sector definitions, and the introduction of special thematic budget lines and a wide range of EDF facilities.

- *Dutch and Commission views on budget support have become increasingly harmonised*

During the evaluation period, the Netherlands has changed its position on how the EU should use the instrument of general budget support. It has changed its view, despite the fact that research shows that general budget support has done little, if anything, to improve governance, address corruption or violation of human rights or having fair elections. This was only the case when there was already a commitment to change in the partner countries.

The Netherlands has influenced recent EU policy-making on the instrument. The thinking was that less EU budget support would allow for cuts to be made in EU aid. Whether the new EU policy on budget support will be able to address the development challenges it is supposed to tackle remains to be seen.

- *Although EDF has a clear poverty focus, little is still known about actual results.*

The political emphasis on poverty and the poverty focus of EDF country programmes has to a certain extent also been translated into concrete actions directly aimed at poverty reduction. More successful in this respect have been the interventions in health and education, which were also supported by EU funding for global initiatives and through the provision of general budget support. For other key sectors, where the poverty focus is more indirect (e.g. roads and support for the African Peace Facility), evidence is more mixed or not clear in the absence of rigorous impact evaluation. Overall, main concerns relate to scarce institutional capacity and limited funding to ensure sustainability. The current attention to tax and development issues for generating more domestic resources is therefore fully warranted.

- *EU aid management has improved substantially, but concerns remain with respect to cumbersome procedures and the quality and scope of M&E systems*

Over the past years, there have been important improvements in the way in which the EU manages its aid flows, though these have come with increased management costs and complex procedures that are still cumbersome. Part of the problem lies with the lack of reform of the working group and comitology set-up in Brussels.

European Court of Auditors' audits and special reports show that Commission has come a long way in terms of financial control, planning and supervision, though at Delegation level not all is rosy yet. Likewise, primarily at the level of Brussels but less so at country level, transparency has changed considerably for the better. Concerns remain nevertheless regarding the monitoring and evaluation of aid and reporting on results and impact. While the Member States, including the Netherlands, have repeatedly insisted on improvements in these areas, within a zero growth environment imposed by Member States, neither sufficient funding nor sufficient staff was made available allowing the Commission to improve its performance.

In more general terms there is a clear tension between the size of the EDF budget, the intention to supplement it through innovative funding schemes, suggestions to limit the use of budget support, insufficient reform of still cumbersome procedures, and currently declining levels of Commission staff dealing with the EDF.

- *The political dimension of EU aid has become increasingly important. The existing instruments (Article 8 political dialogue and Article 96) have been initiated with varying success*

The importance of political aspects of EU aid in general and within the framework of the Cotonou Agreement in particular has been growing, also in relation to general budget support conditionalities. This reflects the importance attached to key European and Dutch values of human rights, democracy, the rule of law and good governance. Flagrant violations of these values have indeed been addressed within the framework of Article 96 consultations and through the use of appropriate measures, sometimes successfully, sometimes not. In the context of a changing global environment, with emerging economies increasingly playing a role in the ACP countries, finding a strategic balance between poverty reduction as the primary objective of EU aid, respect for European values, and serving European/Dutch economic and security interests, will be a major challenge for the years ahead.

Samenvatting en conclusies

De ontwikkelingshulp van de Europese Unie wordt gefinancierd uit de begrotingslijn voor externe betrekkingen van de reguliere begroting van de Europese Unie (EU) en uit het Europees Ontwikkelingsfonds (EOF). Sinds de jaren vijftig van de vorige eeuw wordt het EOF vastgesteld via een afzonderlijke interne overeenkomst tussen de lidstaten met een looptijd van vijf jaar. Sinds de jaren zestig is deze overeenkomst gekoppeld aan een overeenkomst tussen de EU en een groep landen in Afrika, het Caraïbisch gebied en de Stille Oceaan (ACS-landen). De meest recente overeenkomst is de in juni 2000 ondertekende Partnerschapsovereenkomst van Cotonou, die in 2005 en 2010 is herzien en loopt tot 2020. Voor de bijdragen aan het EOF zijn de lidstaten een aparte verdeelsleutel overeengekomen die afwijkt van die voor de algemene EU-begroting.

De Nederlandse bijdrage aan het EOF in de periode 2002-2010 bedroeg 1 047 miljoen euro, met voor het 9e EOF (2003-2007, 13,5 miljard euro) een aandeel van 5,22% en voor het 10e EOF (2008-2013, 22,7 miljard) van 4,85%. Uit het EOF worden landen- en regionale programma's en een intra-ACS-toewijzing gefinancierd - beheerd door de Commissie en onderwerp van deze evaluatie - alsook de investeringsfaciliteit, die wordt beheerd door de Europese Investeringsbank. Het EOF wordt ten uitvoer gelegd via projecten, programma's en sectorale steun op basis van drie financieringsmodaliteiten: communautaire procedures voor het plaatsen van opdrachten en subsidieverstrekking, multi-donor fondsen en algemene en sectorale begrotingssteun. Verder zijn er financieringsmechanismen ingevoerd voor steun aan landen die kampen met forse dalingen van de exportopbrengsten en de negatieve gevolgen van sterk stijgende voedselprijzen. Het EOF wordt deels centraal, deels decentraal beheerd.

Belangrijkste bevindingen

Het standpunt van Nederland ten aanzien van EU-ontwikkelingshulp

Sinds 1957 is de EU krachtens een aantal mede door Nederland geratificeerde verdragen gemachtigd een rol te spelen in de externe betrekkingen en bij ontwikkelingssamenwerking. In het Verdrag van Maastricht (1992) is op deze gebieden een gedeelde bevoegdheid voor de Unie en de lidstaten vastgelegd, maar de afzonderlijke verantwoordelijkheden zijn nooit duidelijk gedefinieerd. Was de hulp van de EU oorspronkelijk bedoeld om te voorzien in de behoeften van koloniën en overzeese gebieden van EU-lidstaten, later is deze meer en meer in het algehele buitenlandse beleid van de EU geïntegreerd, zijn Europese waarden als democratie, mensenrechten en solidariteit erin opgenomen en dient het ook de politieke, economische en veiligheidsbelangen van de EU. Nederland was terughoudend in de beginjaren, maar heeft deze aanpak vervolgens decennialang gesteund.

Nederland heeft het belang van EU-ontwikkelingshulp vanuit verschillende gezichtspunten verdedigd, waaronder - en dat is bepaald niet nieuw - dat van zijn eigen economische belangen, die immers gediend zijn met een krachtig, uniform buitenlands beleid van de EU. Verder zag Nederland de EU als een belangrijk medium om Nederlandse kernwaarden als mensenrechten en de rechtsstaat te bevorderen en krachtiger te kunnen optreden in grote mondiale vraagstukken als armoede, veiligheid, fragiele staten, klimaatverandering, vrije en eerlijke handel en migratie. Nederland meende via de Unie meer voor zichzelf te kunnen bereiken dan met solistisch optreden. Toch heeft het zijn opvattingen over de meerwaarde of complementariteit van de communautaire ontwikkelingshulp ten opzichte van de Nederlandse bilaterale hulp nogal eens gewijzigd. Hoewel herhaaldelijk werd verkondigd dat de EU gerichter te werk moest gaan, aarzelde Nederland niet zijn eigen prioriteiten op de Europese hulpagenda te plaatsen. Omdat heldere definities van complementariteit of meerwaarde ontbraken, baseerde Nederland zich bij de vraag op welke gebieden de communautaire hulp gericht moest zijn op (een combinatie van) vier overwegingen: (i) de Commissie presteerde sterk op die gebieden (of werd geacht dat te doen); (ii) Nederland was er niet bij betrokken, of de voorkeursgebieden betroffen *ook* prioriteiten voor de Nederlandse bilaterale hulp; (iii) de Commissie was nagenoeg de enige Europese speler met voldoende middelen om effect te sorteren; en (iv) als 'politiek neutrale' instelling had de Commissie meer (politieke) macht om kwesties rond goed bestuur, justitiële hervorming en mensenrechten aan de orde te stellen.

De rol van Nederland bij de uitwerking van EU-ontwikkelingshulpbeleid en verdragen met de ACS-landen

Op de prioriteitenlijst van Nederland stond duurzame armoedebestrijding of -verlichting als het uiteindelijke doel van de EU-steun. Die steun zou conform de kernprincipes van het Verdrag van Maastricht op de minst-ontwikkelde landen (MOL) gericht moeten zijn. Tegelijkertijd hebben achtereenvolgende Nederlandse regeringen gepleit voor een rol van de EU in de minder arme landen aan de grenzen van de Unie en voor steun aan armen in landen met een laag of gemiddeld inkomen in Azië en Latijns-Amerika. Ook moest bijzondere aandacht worden geschonken aan de relatie tussen veiligheid en ontwikkeling, met name in Afrika. Verder benadrukte Nederland dat de EU een bijzonder mandaat heeft waar het gaat om beleidscoherentie voor ontwikkeling, vooral wat betreft de samenhang tussen ontwikkelingshulp en het beleid van de Unie inzake landbouw en visserij, handel, milieu (2001-2009) en migratie, werkgelegenheid, energie en vrede en veiligheid (2004-2009). Sinds de beleidsnota 'Kwaliteit van de Europese Hulp' uit 1999 heeft Nederland aangedrongen op verbetering van de kwaliteit van de EU-ontwikkelingshulp. Kwaliteit was in dit verband een brede term die ook betrekking had op zaken als versplintering en centralisering van het hulpbeheer, traagheid van het hulpverleningssysteem en het ontbreken van informatie over resultaten. In recentere jaren stond de Nederlandse agenda in het teken van verlening van algemene begrotingssteun door de Commissie. Aanvankelijk vielen de standpunten samen, maar vanaf 2008 heeft Nederland een kritischer houding ten aanzien van algemene begrotingssteun ingenomen.

Uit de evaluatie blijkt dat zowel het algemene EU-ontwikkelingshulpbeleid vanaf 2000 als de Overeenkomst van Cotonou prioriteiten bevatten die ook het Nederlands beleid inzake bilaterale hulp kenmerken: eigen verantwoordelijkheid, focus op armoede en werken aan de millenniumdoelstellingen, integratie van politieke aspecten en Europese en Nederlandse waarden (zie hierboven) en aandacht voor beleidscoherentie voor ontwikkeling. Net als andere lidstaten, was Nederland nauw betrokken bij de formulering van het

EU-ontwikkelingshulpbeleid en heeft het uiteindelijk op het niveau van de Raad met alle beleidslijnen ingestemd.
Over de noodzaak de Brusselse comitologie te hervormen om zo een einde te maken aan het beheer en onderzoek van afzonderlijke projecten en programma's op detailniveau wordt al jaren gesproken. Echter, tot veel verandering heeft dat niet geleid, zoals blijkt uit de peer review van de OESO uit 2012. Hiervoor zijn de lidstaten primair verantwoordelijk. Zo blijft Nederland ondanks de eerder geuite wensen inzake hervorming de boodschap uitdragen dat het goedkeuringen van landenprogramma's en projecten op de voet zal volgen en per geval bezwaar zal maken tegen voorstellen voor algemene begrotingssteun – *for the record* vooral, want in zijn eentje ontbeert het de macht om het besluitvormingsproces te bepalen.

Jarenlang heeft Nederland gepleit voor opneming van het EOF in de EU-begroting. Omdat unanimiteit onder de lidstaten niet haalbaar was, is het daar nooit van gekomen en is het Europees Parlement een beperktere rol toebedeeld dan bij andere communautaire hulpinstrumenten. Het vraagstuk van opneming in de begroting wordt weer actueel zodra er een opvolger van de Overeenkomst van Cotonou op de onderhandelingstafel ligt.

De focus op armoede van het EOF

Op het niveau van de totale hulpstromen van de EU hebben tegenstrijdige opvattingen over de vraag waarop de communautaire hulp gericht moet zijn geleid tot een fluctuerend aandeel voor de minstontwikkelde landen en andere lage inkomens landen. Over het geheel genomen was hun aandeel kleiner dan dat in de nationale hulpprogramma's van de lidstaten zelf. Dat ligt anders bij het EOF, waarvan 75% aan MOL binnen de ACS-landen en 11% aan andere lage inkomens landen werd toegewezen. Dit is conform de gedifferentieerde aanpak die is ingevoerd bij de Overeenkomst van Cotonou – die, net zoals het Verdrag van Maastricht gericht op terugdringing en uiteindelijk uitbanning van de armoede – waarbij armoedecriteria bepalend zijn voor de toewijzing van middelen op nationaal niveau. De Overeenkomst betekende tevens het einde van de tot dusver gehanteerde benadering van *entitlement* en aandacht voor 'behoeften plus prestaties', waaraan Nederland zoveel belang hechtte. In de context van het EOF komt deze algemene focus op armoede ook tot uitdrukking in nationale strategiedocumenten en nationale indicatieve plannen die gekoppeld zijn aan de strategieën voor armoedebestrijding van de nationale regering zelf. Alles tezamen ging 70% van de EOF-middelen naar Afrika.

Wat de nadruk op armoede van de EOF-steunverlening betreft, werd ongeveer een derde van de middelen gereserveerd voor sociale infrastructuur en diensten met een directe armoededimensie, zoals gezondheidszorg, water en sanitatie en onderwijs. Verder is algemene begrotingssteun in deze sectoren vaak met resultaten in deze sectoren verbonden. Conform de bevindingen van IOB's eigen evaluaties wordt in de sector- en landenevaluaties van de EU en door de Europese Rekenkamer geconcludeerd dat de communautaire hulp bijgedragen heeft tot: a) een ruimere beschikbaarheid van (basis) onderwijsdiensten en hogere aanmeldings- en afrondingspercentages, ook voor de armere geledingen van de samenleving, zij het dat de kwaliteit van het onderwijs een bron van zorg blijft, en b) verbeteringen wat betreft bereik en kwaliteit van gezondheidsdiensten, al verschillen de meningen over de vraag of met die diensten specifiek in de behoeften van de armen werd voorzien. Met 15% van de EOF-uitgaven was ook de sector economische infrastructuur en diensten, waaronder energie- en weginfrastructuur, een belangrijk aandachtspunt van de EU. De evaluaties van de Commissie zijn veelal minder positief waar het gaat om de vraag in hoeverre er specifiek op de armen gefocust is en of zij ook echt van de nieuwe of betere wegen profijt hebben gehad. De steun voor productiesectoren (van landbouw tot industrie) bleef in de periode 2000-2011 beperkt tot ongeveer 13%[2]. Voor delen van de intra-ACS-toewijzing geldt een doelbewuste focus op armoede; zo worden er middelen gereserveerd voor bijvoorbeeld het Global Fund to Fight Aids, Tuberculosis and Malaria en het Fast Track Initiative voor onderwijs. Dat geldt in veel mindere mate voor de regionale programma's, waarbij de nadruk ligt op steun voor regionale economische integratie.

Het belang van eigen verantwoordelijkheid bij EU-ontwikkelingshulp

Uit de evaluatie blijkt dat de nationale strategiedocumenten in overleg met partnerlanden worden opgesteld en doorgaans nauw met de strategieën voor armoedebestrijding van die landen verbonden zijn. Overleg vindt vooral plaats met nationale overheidsinstellingen, waarbij een centrale rol is weggelegd voor de ministeries van Planning en Financiën, waar de nationale ordonnateur zetelt. Andere nationale spelers, waaronder parlement, maatschappelijk middenveld en private sector, zijn minder nauw betrokken, ondanks de inspanningen van de EU om hun deelname te bevorderen. De situatie verschilt van land tot land, afhankelijk van, onder meer, het centrale overheidsbeleid, de krachtsverhoudingen tussen deze instellingen en de centrale overheid en hun institutionele capaciteit, die, alle inspanningen ter versterking ten spijt, vaak nog steeds beperkt is. Tegelijkertijd is in reactie op de wensen van het Europees Parlement en/of de lidstaten een reeks faciliteiten en trustfondsen op het gebied van water, energie en infrastructuur onder het EOF opgezet die buiten de nationale programmeringsprocessen zijn gebleven en via oproepen tot het indienen van voorstellen ten uitvoer worden gelegd.

Standpunt van Nederland en van de Commissie over begrotingssteun

Tot de Agenda for Change van 2011 gold op EU-niveau dat waar begrotingssteun mogelijk was, deze vorm van hulpverlening - om uiteenlopende redenen - de voorkeur had. Dat blijkt bijvoorbeeld uit de Europese consensus voor ontwikkeling uit 2005, een reeks conclusies van de Raad en de richtsnoeren van de Raad voor de Actie-agenda van Accra uit 2008. Tot 2008 was dit in lijn met het Nederlandse standpunt dat de Commissie moest afstappen van de traditionele projecten en programma's mits aan de subsidiabiliteitscriteria voor begrotingssteun van de Overeenkomst van Cotonou was voldaan. Bijgevolg is een aanzienlijk deel van het EOF aangewend voor hetzij algemene hetzij sectorale begrotingssteun. Tussen 2002 en 2010 zijn de uitgaven uit het EOF voor algemene begrotingssteun gestegen van 465 miljoen euro tot 970 miljoen euro - ruim een verdubbeling dus -, oftewel, voor de gehele periode, in totaal ongeveer 5,2 miljard euro. De

[2] Deze cijfers zijn exclusief de uitgaven krachtens de investeringsfaciliteit. Ruim 30% van de tussen 2004 en 2009 in dat kader verstrekte leningen werd aangewend voor industriële ontwikkeling.

committeringen voor sectorale begrotingssteun beliepen in de periode 2003-2010 in totaal ongeveer 2 miljard euro. Op enkele uitzonderingen na werd deze steun verleend samen met EU-lidstaten en/of andere donoren, met name de Wereldbank.

Wat de resultaten betreft wordt in evaluaties specifiek gewezen op de betekenis van algemene begrotingssteun voor het op peil houden en verhogen van de overheidsuitgaven in de sociale sectoren, het (enigszins) terugdringen van begrotingstekorten en het verbeteren van het systeem voor het beheer van de overheidsfinanciën en van statistische systemen. Verder kon de Unie dankzij deze vorm van steun bijdragen aan de uitwerking van specifieke sectorale beleidslijnen, al beschikten de delegaties niet altijd over het daartoe benodigde personeel, zoals de Europese Rekenkamer opmerkt. In meer kritische zin heeft de Europese Rekenkamer herhaaldelijk haar zorgen uitgesproken over (i) de soepele wijze waarop de Commissie, zoals bijvoorbeeld ook de Wereldbank, met de interpretatie van de subsidiabiliteitscriteria van de Overeenkomst van Cotonou is omgegaan, met name waar het gaat om gebreken in het beheer van de overheidsfinanciën, (ii) ontoereikend toezicht op hervormingen van de overheidsfinanciën, (iii) de matige kwaliteit van overeenkomsten inzake begrotingssteun, al zijn onder het 10^{e} EOF wel verbeteringen zichtbaar, (iv) het weinig realistische karakter van sommige prestatie-indicatoren die betalingen koppelen aan indicatoren waarvoor pas na aanzienlijk langere tijd veranderingen zichtbaar worden, en (v) de beperkte afstemming met andere donoren en belangrijke nationale instituties als parlementen en rekenkamers.

Na 2008 veranderde het Nederlandse standpunt over begrotingssteun ingrijpend. De Nederlandse regering was van mening dat de EU net als Nederland selectiever te werk moest gaan bij het verlenen van algemene begrotingssteun. Tegelijkertijd verwelkomde Nederland de invoering en voorgestelde instandhouding van het instrument om ACS-landen te helpen het hoofd te bieden aan sterk stijgende voedselprijzen (V-FLEX), hoewel begrotingssteun wordt gebruikt om de landen die daarvoor in aanmerking komen te steunen. In de loop der jaren zijn diverse pogingen gedaan om de Nederlandse opvattingen over begrotingssteun in Brussel ingang te doen vinden. Ze zijn in zekere mate terug te vinden in recente Raadsconclusies en recente verklaringen van de Commissie over de noodzakelijke politieke voorwaarden voor begrotingssteun.

Rapportage van de resultaten

Ondanks verzoeken van de Raad de rapportage te verbeteren blijft de Commissie in gebreke waar het gaat om de verslaglegging omtrent de (netto) resultaten, bijvoorbeeld ten aanzien van de millenniumdoelstellingen. Systematische informatie over hetgeen is bereikt, voor wie en met welk concreet effect voor de betrokkenen wordt slechts mondjesmaat verstrekt. Rigoureuze impact evaluaties worden zelden verricht.

In de evaluaties van de Commissie ontbreken gegevens over de resultaten van algemene begrotingssteun op het politieke vlak en wat betreft, bijvoorbeeld, mensenrechten, democratie en de rechtsstaat.

Over het geheel genomen geven de evaluaties aan dat de *duurzaamheid* van de resultaten van steunmaatregelen een bron van zorg blijft, ondanks meer *ownership* en afstemming op nationale prioriteiten. Eigen middelen worden in de MOL nog altijd slechts in beperkte mate gegenereerd en sommige van deze landen blijven in hoge mate afhankelijk van donorfinanciering.

In de evaluaties van de Commissie wordt geconstateerd dat *sectoroverschrijdende kwesties* (zoals gender en milieu) afgezien van een enkel specifiek project of programma in veel gevallen toch vooral een papieren prioriteit blijven.

Het belang van beleidscoherentie voor ontwikkeling (BCO)
Nederland heeft het voortouw genomen bij de opzet van een informeel netwerk inzake beleidscoherentie voor ontwikkeling (BCO) onder diverse EU-lidstaten. Dit een netwerk bestaat nog steeds, zij het dat niet alle leden actief zijn. Het Verdrag van Maastricht bevatte al een eerste aanzet tot BCO, maar het concept werd weer zeer actueel met het document 'Coherentie van het ontwikkelingsbeleid – vaststelling van een beleidskader dat de hele Unie omvat' uit 2009. Sinds 2007 heeft de Commissie drie verslagen over BCO uitgebracht waarin wordt ingegaan op de bewustmakings-, beleids- en institutionele regelingen in de lidstaten. De feitelijke impact van maatregelen op dit vlak in de ontwikkelingslanden zelf is echter nauwelijks onderzocht. Het vraagstuk komt wel aan de orde in de nationale strategiedocumenten, maar krijgt niet veel aandacht in de evaluaties van de Commissie en als het al behandeld wordt, is dat meestal vanuit het perspectief van (het gebrek aan) samenhang tussen hulp- en handelsbeleid.

Het belang van het thema veiligheid en ontwikkeling is op Europees niveau erkend, onder meer in het Europese veiligheids- en defensiebeleid uit 2003. De Overeenkomst van Cotonou bevatte bepalingen dienaangaande die bij de herzieningen van 2005 en 2010 zijn aangescherpt. Op operationeel niveau is een en ander vertaald in de oprichting van de Afrikaanse Vredesfaciliteit (2003), een initiatief dat door Nederland werd verwelkomd. Dit wordt als een van de meer geslaagde initiatieven in het kader van de intra-ACS-component van het EOF beschouwd, al blijft de financiering op lange termijn een probleem.

De meerwaarde of complementariteit van EU-ontwikkelingshulp
Het Verdrag van Lissabon bracht geen verandering in de eerdere afspraken uit het Verdrag van Maastricht uit 1992: ontwikkelingssamenwerking is nog altijd een gedeelde verantwoordelijkheid van de Unie en de lidstaten. Onduidelijkheid over wat onder 'meerwaarde' of 'complementariteit' moet worden verstaan kenmerkt nog steeds de discussies over de taakverdeling en de focus van communautaire en bilaterale steunprogramma's. Ook de beleidsdocumenten die sinds 2000 overeengekomen zijn, zoals de Europese consensus uit 2005, hebben weinig duidelijkheid gebracht. Ze hebben een lange lijst opgeleverd van gebieden waarop de *communautaire* hulp relatieve voordelen zou moeten hebben - variërend van handel tot werkgelegenheid - maar maken niet duidelijk wie wat zou moeten doen. De vraag wat de Commissie geacht wordt te doen, voor zover ze niet gewoon als een van de Europese donoren moet worden aangemerkt, is nooit duidelijk beantwoord.

Verder blijkt uit de evaluaties van de Commissie dat het ontbreekt aan een *communis opinio* over de specifieke sectoren waarin de EU een specifieke meerwaarde zou hebben en over de vraag of en hoe zij die meerwaarde zou kunnen ontlenen aan haar 'bindende' rol wat betreft de samenwerking tussen Commissie en lidstaten. Meestal werd de omvang van de EU hulp als haar belangrijkste meerwaarde beschouwd, aangezien meer geld - soms - meer invloed op sectoraal beleid betekende, evenals meer zichtbare en doeltreffende resultaten in het geval van begrotingssteun. Een meerwaarde werd ook gezien in de voortdurende aanwezigheid van de Unie en in haar neutraliteit waar het gaat om nationale belangen.

Toch is men het er al sinds 2000 over eens dat de EU zich zou moeten concentreren op een beperkt aantal gebieden waar ze een relatief voordeel of meerwaarde zou bieden. Datzelfde zou dan ook gelden voor de bilaterale hulp van de lidstaten. Vooralsnog hebben noch de lidstaten noch de Commissie op dit punt de daad bij het woord gevoegd. In de praktijk zijn de landenprogramma's van de EU vaak gericht op algemene begrotingssteun en een beperkt aantal ruim gedefinieerde concentratie- en nog bredere niet-concentratiesectoren. Dat geldt ook voor een land als Nederland, dat er in 2010 voor koos zich te concentreren op sectoren waar het goed in meent te zijn. Afgezien van weginfrastructuur richten Commissie en lidstaten zich bij hun zoektocht naar *niches* op dezelfde sectoren – zo blijven ze elkaar regelmatig tegenkomen in de vele coördinatiemechanismen die er op landenniveau bestaan. Vanuit EU-perspectief wordt het idee van een beperkte sectorale focus verder ondergraven door het gegeven dat bovengenoemde thematische instrumenten en faciliteiten geen deel uitmaken van het landenprogrammeringsproces. De synergie tussen deze verschillende steuninstrumenten van de EU is niet altijd evident. Ook de relatie tussen de diverse EOF-instrumenten en de investeringsfaciliteit laat te wensen over.

Versterking van de samenwerking en coördinatie tussen Commissie en lidstaten was een ander belangrijk agendapunt van Nederland. In de praktijk vindt overleg tussen beide partijen plaats op landenniveau en in tal van formele en informele settings. De kwaliteit van de contacten blijft wisselvallig; er wordt zelden gezamenlijk opgetreden en het mandaat van de EU-delegaties voor coördinatie is ofwel onduidelijk ofwel beperkt. De coördinatie wordt nog steeds bemoeilijkt door verschillen in programmeringscycli, planningsprocedures en prioriteiten omtrent financiering en steun, alsmede door uiteenlopende standpunten over de complementaire functie of meerwaarde van EU-ontwikkelingshulp en de politieke aspecten van de relatie met de ACS-landen. Wat nieuwe initiatieven in dit opzicht zullen opleveren zal moeten worden afgewacht. Nederland, van oudsher voorstander van doeltreffend multilateraal optreden, heeft positief gereageerd op de diverse stappen van de Commissie in 2001 en 2003 om een groter deel van de financiering van de EU-steun via de VN en de Wereldbank te laten verlopen.

Regionale en mondiale integratie

Gelet op de historische ontwikkeling van de Unie zelf lag ondersteuning van de regionale en mondiale integratie van de ACS-landen als communautair mandaat voor de hand. Hoewel een steeds groter deel van het EOF voor ondersteuning van de regionale integratie wordt aangewend, wordt het verwachte relatieve voordeel ervan niet bevestigd door de bevindingen van de regionale evaluaties en de Europese Rekenkamer, waarin aangetekend wordt dat de resultaten ofwel teleurstellend waren ofwel niet konden worden aangetoond. Niettemin is de regionale component onder het 10e EOF uitgebreid. Serieuze problemen zijn vastgesteld met betrekking tot: a) de selectie van regionale partners, vanwege overlappende institutionele kaders, met name in Afrika, en vanwege capaciteitsbeperkingen, ook voor toezicht en evaluatie; b) de nog steeds geringe urgentie van regionale integratie voor de leden van de groep van ACS-landen, die voorrang geven aan het opbouwen van hun eigen nationale instituties; en c) inadequaat beheer van de programma's en versnippering van de beheerverantwoordelijkheden op EU-delegatieniveau. De complexe opzet van de regionale constellaties was een van de factoren die ertoe hebben bijdragen dat onderhandelingen over economische partnerschapsovereenkomsten zich voortsleepten en zelden resultaat opleverden.

Vooralsnog kunnen de economische partnerschapsovereenkomsten (EPO's), in het verleden de kern van veel regionale programma's, geen succes worden genoemd. Alleen in de Cariben is sprake van een allesomvattende regionale EPO; elders bestaan er alleen bilaterale interim-overeenkomsten met (combinaties van) afzonderlijke landen. Belangrijke probleempunten die in de onderhandelingen naar voren zijn gekomen zijn: a) het ontbreken van een uniforme interpretatie en benadering van de nieuwe handelsovereenkomst en twijfels onder de ACS-landen omtrent het voordeel dat de EPO's opleveren; b) de te geringe capaciteit aan ACS-zijde om doeltreffend te kunnen onderhandelen; c) de complexiteit van het institutionele kader aan ACS-zijde; d) zorgen over controversiële bepalingen in de overeenkomst; en e) ontoereikende flankerende maatregelen in verband met belemmeringen aan de aanbodzijde. Voor de MOL onder de ACS-landen bood de 'Everything But Arms'-regeling tot op zekere hoogte een uitweg uit de impasse.

Tot slot, wat de handelsvolumes tussen de ACS-landen en de EU in de afgelopen tien jaar betreft, blijkt uit de beschikbare gegevens over de wereldhandel in de periode 2000-2011 dat: a) deze volumes in waarde zijn toegenomen, afgezien van een tijdelijke daling in 2009; b) de EU voor de ACS-landen een belangrijke handelspartner is gebleven maar haar aandeel in de ACS-uitvoer heeft zien dalen; c) de invoer uit de ACS-landen slechts een klein deel van de totale EU-invoer uitmaakte; d) van diversificatie van de ACS-uitvoer nauwelijks sprake was - het leeuwendeel bestaat nog steeds uit grondstoffen en minerale brandstoffen (olie en gas) en veel landen zijn nog altijd afhankelijk van enkele basisproducten; en e) het overgrote deel van de ACS-uitvoer naar de EU voor rekening komt van een zeer klein aantal landen, waaronder Zuid-Afrika.

Hervormingen in het beheer van de hulp

Bij aanvang van het nieuwe millennium werd een agenda voor hervorming van het beheer van de EU-steun ingevoerd, met onder meer de oprichting van EuropeAid, versterking van de functies voor (financieel) beheer, interne controle en toezicht en, parallel daaraan, deconcentratie van beheertaken ten gunste van de EU-delegaties. Hoewel beleidsaangelegenheden aangaande de ACS-landen onder andere directoraten-generaal zijn gebleven, betekende de oprichting van EuropeAid dat de gehele hulpverleningscyclus (van programmering tot evaluatie) in één organisatie werd geïntegreerd. Ook werd een functie voor kwaliteitscontrole opgezet om de programmering van de steun door de EU-delegaties te verbeteren. Ofschoon deze functie tot op zekere hoogte lijkt te hebben gewerkt, blijkt er nog steeds sprake te zijn van beperkingen bij het ontwerpen van programma's, bijvoorbeeld in relatie tot algemene begrotingssteun en regionale programma's.

Het Verdrag van Lissabon heeft in 2010 en 2011 tot belangrijke wijzigingen van de managementstructuur in Brussel geleid door de instelling van de functie van hoge vertegenwoordiger van de Unie voor buitenlandse zaken en veiligheidsbeleid/vice-voorzitter van de Commissie (HV/VV) en de oprichting van de Europese Dienst voor extern optreden (EDEO) en het directoraat-generaal Ontwikkeling en Samenwerking (DEVCO). Op landenniveau zijn de delegaties EU-delegaties geworden – ze vertegenwoordigen nu de Unie als geheel en niet meer enkel de Commissie. Hoewel het nog te vroeg is voor een eindoordeel over hetgeen bereikt is, zijn al diverse probleempunten aan het licht getreden: a) het ontbreken van een overkoepelende EU strategie voor buitenlandse betrekkingen, b) de werving van diplomaten uit de lidstaten voor de EDEO en c) het afbakenen van de verantwoordelijkheden van de EDEO ten opzichte van die van de andere DG's met een extern mandaat (met name wat betreft beleidscoherentie voor ontwikkeling), zowel in Brussel als op landenniveau.

Met de deconcentratie werden taken rond het beheer van de hulp vanuit Brussel overgedragen aan de EU-delegaties 'in het veld'. Maar niet alle besluitvormingsbevoegdheden zijn overgedragen: de delegaties zijn bevoegd voor afzonderlijke financiële besluiten, maar de goedkeuring van landenprogramma's en wijzigingen daarvan en de vrijgave van betalingen voor begrotingssteun blijven centraal verlopen. Het deconcentratieproces heeft geleid tot de overheveling van ruim 1 550 staffuncties naar delegaties, waar contract- en financiële afdelingen werden opgericht of versterkt. In 2009 was 70% van het bij hulpverlening betrokken personeel van de Commissie werkzaam buiten Brussel. De delegaties worden geacht de implementatie van de steun *samen met* de nationale autoriteiten, waaronder de nationale ordonnateurs, te bewaken. De beperkte capaciteit van de kantoren van de nationale ordonnateurs blijft een probleem, waardoor de delegaties extra inspanningen moeten leveren. De vraag of de delegaties over voldoende personeel beschikken is voortdurend onderwerp van discussie geweest. Op aandringen van de lidstaten moest de Commissie op personeelsgebied een nulgroei hanteren en dat ondanks de stijgende steunbudgetten. Tegelijkertijd deed zich het probleem voor dat veel vacatures niet konden worden vervuld (vooral in fragiele staten), dat er een groot aantal *tijdelijke functionarissen* moest worden aangesteld en dat slechts mondjesmaat medewerkers geworven konden worden met de benodigde professionele achtergrond en ervaring in plaats van de door de lidstaten gewenste generalisten. Uitbreiding van de EU-delegaties via de EDEO heeft het personeelsprobleem niet opgelost en dat geldt ook voor de steeds luider klinkende roep vanuit lidstaten als Nederland om de EU-delegaties ook voor andere, niet-hulpgerelateerde aangelegenheden (zoals consulaire zaken) verantwoordelijk te maken. Ontwikkelingen in de richting van terugkeer naar de tijdrovende en arbeidsintensieve aanpak op basis van projecten en programma's maken de zaken er niet eenvoudiger op.

Financiële planning en rapportage
Uit de jaarlijkse audits van de operationele EOF's die de Europese Rekenkamer heeft verricht blijkt dat het oordeel van de Rekenkamer over de prestaties van de Commissie op het gebied van de waarborging van financieel toezicht en beheer, risicobeheer en financiële planning en rapportage in de loop der jaren gestaag verbeterd is. In 2011 luidde het oordeel dat de jaarverslagen van EuropeAid een getrouw beeld gaven van de implementatie en resultaten van de opgezette toezicht- en controlesystemen. Ook op landenniveau is de controle verbeterd. Procedures werden beter nageleefd en er werd herhaaldelijk actie ondernomen om ze te stroomlijnen, te harmoniseren en te vereenvoudigen. De complexiteit, het gebrek aan flexibiliteit en de lange duur van de procedures zelf blijven evenwel de nodige discussie opleveren. Commissie, lidstaten en Parlement zijn gezamenlijk verantwoordelijk voor deze situatie.

De Europese Rekenkamer stelde vast dat er in het financieel beheer en de financiële controle overeenkomstig haar aanbevelingen verbeteringen waren doorgevoerd. Toch bleef ze aandringen op verdere verbetering, daar er nog steeds sprake was van - hoofdzakelijk procedurele - onregelmatigheden bij vastleggingen en betalingen op landenniveau, zij het met wisselende of verwaarloosbare financiële gevolgen. De oprichting van contract- en financiële afdelingen bij de delegaties is wat dit betreft nuttig geweest, al blijft de Rekenkamer het percentage van fouten van materieel belang voor betalingen schatten op 2 tot 5%. Een andere belangrijke kwestie in de jaren rond de eeuwwisseling was dat de beschikbare middelen ofwel niet vastgelegd ofwel vastgelegd maar niet volledig besteed werden. Dit resulteerde in grote reserves voor hulp die ongebruikt bleven en in aanzienlijke bedragen aan 'oude' en 'sluimerende' RAL (*reste à liquider*). Volgens de Europese Rekenkamer hebben de verbeteringen in het financieel beheer en de financiële planning ertoe bijgedragen dat de onderuitputting van beschikbare middelen sinds 2004 is gedaald. Verder stelde de Rekenkamer in 2011 vast dat zich bij minder steunmaatregelen substantiële vertragingen voordeden. Daar waar de streefcijfers voor financiële planning de afgelopen jaren niet werden gehaald, was dat hoofdzakelijk het gevolg van: a) niet-uitbetaling van tranches voor begrotingssteun omdat het partnerland zijn verplichtingen niet was nagekomen, b) vertragingen bij infrastructurele werken, c) vertragingen bij de programmering of goedkeuring van financieringsbesluiten of d) opschorting van steun als gevolg van het nemen van passende maatregelen na overleg krachtens artikel 96.

Vermoedens van fraude in verband met de externe betrekkingen van de EU worden onderzocht door het Europees Bureau voor fraudebestrijding (OLAF). In de periode 1999-2010 heeft OLAF ongeveer 690 van dergelijke zaken geopend; een derde daarvan werd in 2009 en 2010 als niet-ontvankelijk afgesloten. OLAF richt zich op fraude die niet door de lidstaten wordt onderzocht, maar het percentage aan externe hulpverlening gerelateerde fraudegevallen ten opzichte van het totale aantal onderzochte gevallen lag onder het percentage dat in de algehele begroting van de Commissie is gereserveerd voor externe betrekkingen. De Commissie onderneemt actie om onrechtmatig verkregen middelen terug te vorderen en is daarin relatief succesvol.

Toezicht en evaluatie
Voor toezicht en evaluatie is er een systeem voor resultaatgericht toezicht (Results Oriented Monitoring - ROM) ingevoerd om deskundigen van buitenaf in staat te stellen de implementatie van de steun op basis van een momentopname te beoordelen. Dit systeem is gericht op afzonderlijke projecten; het nut ervan voor de rapportage op geaggregeerd niveau is twijfelachtig.

Binnen EuropeAid is een Joint Evaluation Unit (JEU) opgezet voor alle 'strategische' evaluaties van de hulp. Aan de roep om een volledig onafhankelijke, externe dienst voor evaluaties is geen gehoor gegeven, al staat de JEU niet onder toezicht van een beheer-, beleids- of operationele afdeling. Het belang van evaluatie wordt door de lidstaten onderstreept, maar dat heeft niet tot een ruimere beschikbaarstelling van middelen geleid. In verhouding tot de omvang van de EU hulp is de JEU bescheiden te noemen, zowel qua personeelsbezetting als qua budget en belangrijke componenten van het EOF (waaronder de faciliteiten uit hoofde van de intra-ACS-toewijzing) zijn nog niet geëvalueerd. Anderzijds heeft de JEU een belangrijke rol gespeeld bij de uitwerking van methoden voor het evalueren van algemene begrotingssteun en bij het bevorderen van gezamenlijke evaluaties. De eenheid concentreert zich op meer strategische evaluaties en heeft geen overzicht over de gedecentraliseerde evaluaties die elders in het systeem plaatsvinden. Vastgesteld is dat het systeem voor managementresponse van de Commissie wat betreft de follow-up van evaluaties niet optimaal functioneert.

Transparantie
Het belang van transparantie omtrent hulpstromen wordt steeds meer onderkend, zowel vanuit het oogpunt van doeltreffendheid van de hulp als vanuit de gedachte dat de Europese belastingbetaler recht heeft op informatie over de resultaten. De Commissie heeft op dit punt vorderingen gemaakt en stelt inmiddels een reeks documenten (beleidsdocumenten, jaarverslagen, aanbestedingsstukken, JEU evaluatie rapporten, enz.) vrijelijk beschikbaar via internet. Verder heeft zij zich net als Nederland aangesloten bij het initiatief tot transparantie van ontwikkelingshulp (IATI). Op het vlak van transparantie scoort de Commissie dan ook betrekkelijk goed. Toch bevatten deze bronnen maar weinig informatie en analyses omtrent de resultaten en effecten van de steun. Op het niveau van de ACS-landen is nog steeds weinig publieke informatie beschikbaar (decentraal verrichte evaluaties, jaarverslagen, reviews, enz.).

De politieke dialoog
Nederland en de Raad hebben herhaaldelijk gewezen op het belang van de politieke aspecten van de Overeenkomst van Cotonou en van de politieke dialoog krachtens artikel 8 tussen de EU en de ACS-landen. Deze dialoog moest een breed scala van onderwerpen bestrijken, met onder meer eerbiediging van de mensenrechten en fundamentele vrijheden, de democratische beginselen en de rechtsstaat en goed bestuur. Op landenniveau verschilt men van mening over de kwaliteit van de politieke dialoog en over het dwingende karakter dat deze heeft gehad en zou kunnen hebben. Volgens de evaluaties was er in landen als Angola, Tsjaad, Eritrea, Ethiopië, Djibouti, Lesotho, Malawi, Senegal of Tanzania nauwelijks of in het geheel geen sprake van een dialoog; andere stellen daar positievere

voorbeelden tegenover als Liberia, Rwanda en tot op zekere hoogte ook Oeganda. Verder lijdt het geen twijfel dat de dialoog meer vruchten afwerpt als hij door EU-delegaties en lidstaten *gezamenlijk* wordt gevoerd. De concrete impact van de politieke dialoog van artikel 8 en de resultaten ervan zijn echter nauwelijks systematisch onderzocht. De bevindingen in de landenevaluaties waarin over deze dialoog wordt gerapporteerd lopen uiteen. In een enkel geval heeft de politieke dialoog tot positieve resultaten geleid (zoals de invoering van een nieuwe wet inzake hervormingen op mediagebied in Rwanda).

Overleg krachtens artikel 96

De Unie heeft selectief gebruikgemaakt van het overleginstrument van artikel 96 wanneer de dialoog van artikel 8 geen enkel resultaat opleverde. In de periode 2000-2010 betrof het twaalf ACS-landen. Het overleg werd meestal geopend naar aanleiding van staatsgrepen, maar ook bij plotselinge ernstige verslechtering van de politieke en mensenrechtensituatie, manipulaties bij verkiezingen en schendingen van andere fundamentele vrijheden. Een uitzondering was Togo. Het overleg werd geopend ongeacht de economische of strategische belangen in het land in kwestie. In geen van de gevallen waren mensenrechtenschendingen de enige grond voor het openen van het overleg. Als de politieke situatie precair was, zoals tijdens een burgeroorlog, of als er een vredesakkoord ophanden was, besloot de EU doorgaans tot de weg van stille diplomatie. Het overleg van artikel 96 werd zeker niet in *alle* gevallen van ernstige inbreuken op de essentiële en fundamentele elementen van de Overeenkomst van Cotonou geïnitieerd.

De Unie heeft zowel positieve als negatieve passende maatregelen, waaronder opschorting van de hulp, maar ook sancties conform het gemeenschappelijk buitenlands en veiligheidsbeleid toegepast. Afgemeten aan de vraag of er voldoende verbetering zichtbaar werd in de situatie die aanleiding was voor het openen van de dialoog, zodat de EU de hulp kon hervatten, kenden de genomen maatregelen wisselend succes. Positieve voorbeelden waren onder meer Guinee-Bissau en Mauritanië; minder succes hadden de maatregelen in Guinee en Zimbabwe. Belangrijke succesfactoren waren onder meer het selectief gebruik van het instrument en de termijnen voor het openen van het artikel 96-overleg (het overleg wordt alleen geïnitieerd wanneer de EU een redelijke kans meent te hebben om invloed op de autoriteiten van het land in kwestie uit te kunnen oefenen, en die kans neemt toe naarmate de afhankelijkheid van EU-steun groter is) en de politieke wil van de lokale autoriteiten. Ook samenhang tussen de acties van de EU als geheel en die van de afzonderlijke lidstaten, betrokkenheid van ‘bevriende landen’ of ACS-*peers*, buurlanden en regionale organisaties en het gebruik van passende maatregelen die berusten op een combinatie van ‘*carrots and sticks*’ hebben een positief effect.

Belangrijkste conclusies

- *Het ontwikkelingshulpbeleid van de EU en de kernbeginselen van de Nederlandse ontwikkelingshulp vallen steeds meer samen*

De afgelopen twaalf jaar zijn er in de door de Raad overeengekomen algemene beginselen van de EU-ontwikkelingshulp de nodige verbeteringen zichtbaar geworden. Dat geldt ook voor hetgeen in het kader van de Overeenkomst van Cotonou nagestreefd wordt. De beleidsgrondslagen van de EU komen sterk overeen met een aantal kernbeginselen van Nederland, waaronder een focus op arme landen, armoedeverlichting, eigen verantwoordelijkheid, koppeling aan de millenniumdoelstellingen, integratie van politieke aspecten – variërend van mensenrechten en democratie tot goed bestuur – en aandacht voor de relatie tussen ontwikkeling en veiligheid. Het zou niet reëel zijn deze ontwikkeling geheel op het conto van Nederland te schrijven. Beleid dat in Brussel wordt gemaakt is een compromis tussen de lidstaten, de Commissie en het Europees Parlement. De Nederlandse regering heeft meedere malen aangegeven – onder verwijzing naar het concept van gedeelde bevoegdheden voor EU-ontwikkelingshulp van het Verdrag van Maastricht – een *opt-out* met betrekking tot dergelijke beleidsafspraken te overwegen. In andere gevallen is zij door het Parlement gevraagd om een overeenkomst opnieuw te onderhandelen. Dit 'selectieve shoppen', dat ook andere lidstaten toepassen waar het gaat om de politieke dimensie van de Overeenkomst van Cotonou, is niet bevorderlijk voor het realiseren van een krachtiger, potentieel invloedrijk Europees hulpprogramma.

- *Het standpunt van Nederland over de complementariteit en meerwaarde van de EU-ontwikkelingshulp is vaak aan verandering onderhevig geweest*

De kwestie omtrent de complementariteit of meerwaarde van de EU-steun in relatie tot de Nederlandse bilaterale hulp en die van de rol van de EU – een van de Europese bilaterale donoren en/of een speler met een coördinerende taak – is voortdurend onderwerp van debat. Tot een uitgesproken stellingname is het echter nooit gekomen. Het standpunt van Nederland over wat de sectorspecifieke prioriteiten van de Commissie zouden moeten zijn is vaak veranderd onder invloed van de uiteenlopende prioriteiten van de zeven regeringen van verschillende politieke signatuur die in de periode 1998-2012 aan de macht waren. Op het vlak van weginfrastructuur en vredeshandhaving/conflictbeheersing, terreinen waarop Nederland een wat standvastiger positie innam, was de EU nadrukkelijk actief; voor plattelandsontwikkeling was dat in veel mindere mate het geval. Regionale integratie werd beschouwd als de natuurlijke habitat voor de EU, maar gezien de bescheiden resultaten tot dusver op dit vlak is nader onderzoek hier dringend vereist.

Pogingen om de EU-coördinatie en -samenwerking op landenniveau te versterken en een beperkt aantal sectoren af te bakenen hebben vooralsnog weinig opgeleverd. Van gezamenlijk optreden is, behalve voor algemene begrotingssteun, nauwelijks sprake geweest. Hoewel de uitwisseling van informatie is verbeterd en een groot aantal coördinatie- en overlegmechanismen op landenniveau in het leven is geroepen, is er bij de programmering van de Nederlandse hulp slechts beperkt rekening gehouden met de steunmaatregelen van de EU. Wat betreft taakverdeling, sectorale focus en eigen verantwoordelijkheid aan ACS-zijde hebben de beleidsverklaringen van de EU over de relatieve voordelen van de Gemeenschap als geheel, de ruime definities van sectoren en de invoering van speciale thematische begrotingslijnen en van een waaier aan EOF-faciliteiten niet tot verbeteringen geleid.

- *De opvattingen van Nederland en van de Commissie over begrotingssteun zijn naar elkaar toe gegroeid*

Tijdens de evaluatie periode is Nederland van standpunt veranderd ten aanzien van de vraag hoe de EU het instrument van algemene begrotingssteun zou moeten aanwenden, ondanks

onderzoek waaruit blijkt dat algemene begrotingssteun niet of nauwelijks geholpen heeft om het bestuur te verbeteren, corruptie of mensenrechtenschendingen aan te pakken of eerlijke verkiezingen te waarborgen. Daarvan was alleen sprake wanneer er in de partnerlanden reeds animo voor verandering bestond.
Nederland heeft invloed kunnen uitoefenen op de recente communautaire besluitvorming omtrent het instrument. Het idee was dat door minder EU begrotingssteun op het budget voor EU-ontwikkelingshulp bezuinigd zou kunnen worden. Of het nieuwe EU beleid voor begrotingssteun volstaat om het hoofd te bieden aan de uitdagingen op ontwikkelingsgebied waarvoor het bedoeld is zal moeten worden afgewacht.

- *Het EOF is nadrukkelijk op armoede gericht, maar over de feitelijke resultaten is nog steeds weinig bekend*

De politieke nadruk op armoede en de centrale armoededimensie van de EOF-landenprogramma's zijn tot op zekere hoogte ook vertaald in concrete maatregelen die direct op armoedebestrijding gericht waren. Redelijk succesvol in dit verband waren de interventies op het gebied van gezondheid en onderwijs, die ook via EU-financiering voor mondiale initiatieven en algemene begrotingssteun werden gesteund. Op andere belangrijke terreinen, met een minder directe armoedefocus (zoals wegen en steun voor de Afrikaanse vredesfaciliteit), zijn de resultaten wisselender of niet duidelijk omdat de impact niet grondig geëvalueerd is. Over het geheel genomen zijn de belangrijkste probleempunten de minimale institutionele capaciteit en de beperkte middelen ter waarborging van de duurzaamheid. De huidige aandacht voor belasting- en ontwikkelingsvraagstukken met het doel meer binnenlandse middelen te genereren is dan ook alleszins gerechtvaardigd.

- *Het beheer van de EU-steun is aanzienlijk verbeterd, maar de moeizame procedures en de kwaliteit en reikwijdte van de toezicht- en evaluatiesystemen blijven een bron van zorg*

De afgelopen jaren zijn er belangrijke verbeteringen doorgevoerd in het beheer van de hulpstromen van de EU, al hebben die wel hogere beheerkosten en complexe, nog steeds trage procedures met zich meegebracht. Deel van het probleem is het uitblijven van hervormingen in de werkgroep- en comitologiestructuur in Brussel.

Uit audits en speciale verslagen van de Europese Rekenkamer blijkt dat de Commissie een grote stap vooruit heeft gezet wat betreft controle, planning en toezicht op financieel gebied, al laat de situatie bij de delegaties nog te wensen over. Evenzeer is er het nodige verbeterd op het punt van transparantie, vooral in Brussel, maar ook, zij het in mindere mate, op landenniveau. Niettemin zijn er nog steeds problemen bij het toezicht op en de evaluatie van de hulp en bij de rapportage over resultaten en effecten. Hoewel de lidstaten, waaronder Nederland, herhaaldelijk aangedrongen hebben op verbeteringen op dat vlak, kreeg de Commissie in de context van een door de lidstaten opgelegde nulgroei noch de financiële noch de personele middelen die zij nodig had om haar prestaties te kunnen verbeteren.

In meer algemene zin is er sprake van een duidelijk spanningsveld tussen de omvang van de EOF-begroting, het streven deze aan te vullen via innovatieve financieringsregelingen, suggesties om het gebruik van begrotingssteun te beperken, het uitblijven van de nodige hervormingen van nog steeds omslachtige procedures en de huidige personeelsinkrimpingen bij de met het EOF belaste diensten van de Commissie.

- *De politieke dimensie van de EU-ontwikkelingshulp heeft aan belang gewonnen. De bestaande instrumenten (politieke dialoog van artikel 8 en artikel 96) zijn met wisselend succes toegepast*

De politieke aspecten van de EU-ontwikkelingshulp in het algemeen en van de Overeenkomst van Cotonou in het bijzonder hebben meer gewicht gekregen, mede in relatie tot de voorwaarden voor algemene begrotingssteun. Deze ontwikkeling weerspiegelt het belang dat wordt gehecht aan de Europese en Nederlandse kernwaarden van mensenrechten, democratie, de rechtsstaat en goed bestuur. Flagrante schendingen van deze waarden zijn daadwerkelijk – met wisselend succes – aan de orde gesteld in het kader van het overleg van artikel 96 en via passende maatregelen. In de context van een veranderend mondiaal speelveld waarin opkomende economieën een steeds grotere rol in de ACS-landen opeisen, blijft het vinden van een strategisch evenwicht tussen armoedebestrijding als hoofddoel van de EU-ontwikkelingshulp, respect voor Europese waarden en het behartigen van de Europese en Nederlandse economische en veiligheidsbelangen een belangrijke uitdaging voor de komende jaren.

1

Introduction

General

IOB prepared this policy evaluation on the Netherlands and European (EU) development aid[3], focusing on the European Development Fund (EDF) to enable the Ministry of Foreign Affairs to comply with the national, government-wide regulation for periodical evaluation research and policy information (RPE). According to the RPE, the objective of a policy evaluation is to contribute to the reliability of the policy information used by the Dutch government. Policy evaluations are offered to the Parliament by the ministers. They provide policy makers with an opportunity to learn from experiences in the past and to account for the policies pursued. The evaluation relates to several policy articles of the Ministry of Foreign Affairs' budget, i.e. Article 5 ('*European integration*') for 2001 and 2004, Articles 5 and 7 ('*Programmes and Funds of the EU*') for 2002 and 2003 and Article 3 ('*Strengthened European cooperation*') for the period 2005-2010. For the period 2005-2010, the relevant operational target for Article 3 reads as '*An effective, efficient and coherent conduct of the EU vis-à-vis developing countries or regions*'.

Scope

The policy evaluation focuses on the EDF as one of the main instruments of European aid. Since it was conceived in 1957, the Fund has remained outside the EU budget,[4] receiving some EUR 1,047 million from the Dutch budget for Official Development Assistance (ODA) in the years 2002-2010. The EDF finds its legal basis in an internal, five-year agreement among the EU Member States that sets the EDF budget and Member States' contributions. This agreement is tied to an agreement that is concluded between the EU and a selected group of African, Caribbean and Pacific (ACP) countries. Since 2000, this is the Cotonou Partnership Agreement that was revised in 2005 and 2010 with its three pillars of development cooperation, political cooperation and trade. The EDF finances a broad range of development interventions. These may be at national, regional or intra-ACP levels. During the evaluation period, two EDFs were approved: the 9th EDF – starting in 2003 – and the 10th EDF, which became operational in 2008. At the same time, generic aid policies that have been agreed upon in Brussels also concern the EDF while other EU aid instruments may also apply to the ACP countries.

Overall purpose of the evaluation is 'to account for Netherlands funding and other inputs provided for EU development cooperation in the period 2000-2010 and, based on the findings of this policy evaluation, gain lessons for future policy development and implementation'. The evaluation (i) describes and analyses Dutch positions and policies as regards EU aid in general and the EDF in particular, (ii) analyses general EU and EDF aid policies and operational practices and (iii) describes and analyses the effectiveness of the EDF.

3 The evaluation will use the term EU aid when referring to development cooperation managed by the European Commission.

4 An overview of EU external relations instruments financed from the EU budget is provided in Annex 8.

Originally the evaluation was to cover the years 2000 to 2010, a period long enough to capture developments in EU aid policies and to assess their results and (net) outcomes on the basis of existing evaluation evidence. Starting point for the evaluation was the year 2000 as it marked, apart from the signing of the Cotonou Agreement, the start of major aid management reforms process in the Commission and the year of the first joint Council-Commission Statement on EU Development Policy. It soon transpired however, that developments during the decade could not well be understood without referring to e.g. the joint Member State - EU evaluation of EU aid of the mid-1990s and Dutch policy documents of 1999. The evaluation period was extended to include 2011 and major part of 2012 to capture the reforms that were introduced following the entry into force of the Lisbon Treaty in 2010-2011 and important developments in EU aid policies such as the Agenda for Change (COM (2011) 637) and The future approach to EU budget support to third countries (COM (2011 (638)).

Starting point for the evaluation have been the following Dutch priorities with respect to EU aid in general and EDF in particular:

- Focus on least developed countries, particularly in Africa, sustainable poverty alleviation and the Millennium Development Goals (MDGs), addressing also issues of peace and conflict.
- The 'quality' of EU aid, with the Ministry's broad 'quality' concept combining aspects of aid management, including monitoring and evaluation, and the aid effectiveness agenda.
- The importance attached to integrating foreign policy and development aid, with the Cotonou Agreement serving as a framework to address issues of human rights, democracy, rule of law and good governance.
- Policy coherence for development – focusing on the coherence between development aid and the Union's policies on agriculture and fisheries, trade, environment as well as migration, employment, energy and peace and security.
- Cooperation and coordination at a European level and with other bilateral donors, as well as with international financial institutions and the United Nations reflecting the Dutch emphasis on *effective multilateralism*.
- Dutch views on the aid modalities and approaches that the Commission ought to use, especially general budget support.

Though consistent in many respects the Dutch position on these priorities has evolved over the years. Likewise, there have been changes in EU aid policies which reflect the outcome of interaction between Commission, the Council, representing the Member States, the European Parliament, and, more recently, the European External Action Service. The analysis is therefore to a certain extent historical, reflecting changing opinions of these actors over time.

Limitations

Given the time and budget allocated and since in some areas there is a lack of recent evaluations and academic studies, the evaluation has its limitations and does not cover all features of the EDF and the Cotonou Agreement in the same manner or depth. More specifically:

- The evaluation deals with ACP countries only. It does not cover the use of the 1% of the EDF budget that goes to the Overseas Countries and Territories.[5]
- It focuses on the results of the development pillar of the Cotonou Agreement. Political aspects of the Agreement are described in conjunction with the national EDF programmes (chapter 7) while trade issues are presented in relation to the Economic Partnership Agreements in chapter 8.
- With respect to the development pillar, the evaluation zooms in on the EDF instruments that are managed by the Commission, i.e. the national, regional and intra-ACP programmes which together have represented over 80% of the EDF budget. Information on the Investment Facility, which is managed by the European Investment Bank, is given in Annex 7.
- Chapter 9 on the intra-ACP programme is mainly descriptive – little evaluation material is available on the results of the main initiatives funded: the African Peace Facility, the facilities for water and energy and the EU-Africa Infrastructure Trust Fund. Intra-ACP resources have also been used to contribute to major programmes and initiatives that are administered by, amongst others, the World Bank. To a certain extent, these have been evaluated and reported on elsewhere.[6] Information on EU collaboration with the United Nations and World Bank is provided in Annex 11.
- Finally, focusing on the 9th and the 10th EDF, the evaluation does not cover the various instruments that existed earlier, were abolished with the Cotonou Agreement, but nevertheless continued to incur expenditures during the evaluation period. This concerns in particular structural adjustment support, the *Système de Stabilisation des Recettes d'Exportation* (STABEX) and the System of Stabilization of Export Earnings from Mining Products (SYSMIN). Information on these instruments is included in Annex 8, together with information on debt relief for Highly Indebted Poor Countries.

The policy evaluation was never designed to compare EU development cooperation, as one of the channels for Dutch aid, with either bilateral, multilateral or NGO channels. Such a

5 There are currently 20 of such OCTs, linked to Denmark, France, the Netherlands and the UK and associated with the EU.

6 On for example the Education for All Fast Track Initiative see IOB (2010). Education matters – Policy review of the Dutch contribution to basic education 2000-2009.

comparison would require a different type of study.[7] It also does not deal with how negotiations are conducted in the Hague – in order to come to a common 'Dutch position' – or in Brussels to get this position across to other EU Member States and the Commission and ultimately reflected in policy and decision-making. It will, nevertheless, address the question whether the Netherlands can indeed sufficiently be pleased with the final result in terms of policies, positions and guidelines and, ultimately, the results obtained.

Methodology

The evaluation has applied the following research tools: (i) document study; (ii) interviews and (iii) country visits. No primary research was undertaken.

Documentation

For the analysis of the Dutch position, we used public documents coming from several ministries as well as records of meetings held in the Dutch parliament.[8] Sources ranged from annual Ministry budgets and policy notes to correspondence and annotated agendas for and reports on Council meetings.

For a reconstruction of EU aid policies, we used documents of the Commission, the Council as well as the European Parliament. We also used documentation of the European Investment Bank and audit reports and special reports of the European Court of Auditors, together with academic and grey literature and reports of the Organisation for Economic Cooperation and Development (OECD). Data on EDF commitments and expenditures were primarily obtained from annual and financial reports. Reconciling these data over a period of more than 10 years proved difficult and not always possible.

To get information on EDF implementation, the evaluation relied on publicly available evaluations prepared for the Joint Evaluation Unit of the Commission's aid management services – there is very little academic research on this topic. The evaluation relied in this respect on the JEU's quality assessment of these evaluation reports; no separate assessment was made. Other sources of information were the special reports of the European Court of Auditors. Annex 12 provides an overview of all documents used.

7 Over the years, a series of attempts has been made to make such a comparison. See in this respect e.g. Easterly, W., Levine, R. and Roodman, D. (2003), New Data, New Doubts: Revisiting 'Aid, Policies and Growth, Center for Global Development Working Paper 26. Washington, DC; Easterly, W., and T. Pfutze (2008). Where does the Money Go? Best and Worst Practices in Foreign Aid. Working Paper 21. Brookings Global Economy and Development, Washington, DC; Roodman, D (2009). An Index of Donor Performance.' Center for Global Development Working Paper 67. Washington, DC; Birdsall, N. and Kharas, H. with Mahgoub, A. and Perakis, R. (2010). Quality of Official Development Assistance Assessment. Center for Global Development. Washington DC; Geddes, M. (2012). Where do European Institutions rank on donor quality? ODI Background Note. June. The studies use different criteria and come to different rankings of multilateral and bilateral aid performance. The studies were not helpful in looking at EDF as they examined the total EU aid package, including e.g. aid to the EU's neighbouring countries.

8 Parliamentary documents are referred to according to their number in the Parliamentary records and the year of publication (i.e. KST xxxxx (year)).

Interviews

To supplement these written sources of information, interviews were held with (former) staff of departments of the Dutch Ministries of Foreign Affairs; Economic Affairs, Agriculture and Innovation; Justice; Interior and Finance. Staff of various units of the Commission and the European External Action Service in Brussels, independent experts and staff of Dutch NGOs were interviewed as well. The interviews were semi-structured and based on a pre-determined set of questions that were communicated to the interviewees in advance. Several interviewees were consulted on different occasions for purposes of triangulation. Annex 3 provides the names of the respondents.

Country visits

Visits were undertaken to Burkina Faso, Ethiopia, Rwanda and Uganda to gain insight, for a series of issues and topics, into the practices and experiences, successes and challenges of EU development cooperation 'in the field'. These countries were purposely selected on the basis of the following criteria: (i) the availability of recent, good quality country programme evaluations; (ii) the four countries were also covered by several other EU evaluations; (iii) their importance for both EU and Dutch development cooperation; and (iv) all countries had received general budget support from the EU and/or the Netherlands.

Starting point for the research at country level were the Commission's country and regional strategy papers, national indicative plans, annual reports, country evaluations as well as key documents of the Dutch embassies. Additional documents were collected. Interviews were *inter alia* held with representatives of key Government offices, staff of EU Delegations and Dutch embassies as well as representatives of other EU Member States, UN organisations, World Bank and NGOs. The names of the respondents are included in Annex 3.

Realising that these four countries were not a representative sample for all EU aid at country level, it was decided to extend data collection to other countries on the basis of a wider range of the JEU's evaluation reports. These reports were analysed using the methodology introduced by the Management Group of the Task Team on Multilateral Effectiveness in *'Assessing the development effectiveness of multilateral organisations: Approach, methodology and guidelines'* (DAC EVALNET (2011)) however, with one main exception: no separate quality assessment was carried out. We have relied fully on the Commission's overall judgment of the evaluation reports that were published in the period 2004-2012. We also did not sample and have used all the 27 ACP country evaluation reports with an overall rating of 'good'. Evaluation reports for which no Commission quality opinion was available on Internet were checked on the reliability of findings. Two persons examined the reports independently and assessed how the evaluators qualified the results obtained in key areas of EU intervention in the countries concerned at the time the evaluation was conducted: satisfactory or not (see for further details Annex 5). Use was furthermore made of a series of recent thematic evaluations conducted by the Commission.

Report structure

The structure of the report is as follows.

Part 1 on Policy Matters, provides in chapter 1 a general introduction to EU aid and the EDF and the Cotonou Agreement. It also contains information on the EU ODA budget and its use and the finances made available for the EDF and how these have been allocated. The chapter concludes with an overview of the institutional set-up for EU aid policy making and delivery in Brussels. Chapter 2 deals with the Dutch position on EU aid in general and the EDF in particular. It deals with the Dutch perspective on the role of the Union in development aid, its relation with Dutch bilateral aid and the main priorities of the Netherlands on what EU aid should look like. The chapter concludes with an overview of how the Netherlands has organised itself to influence EU policy-making in Brussels. Chapter 3 gives an overview of the main aid policies agreed upon at a European level since 2000, including those on budget support, and how the Netherlands has assessed these policies.

Part 2 on Management Matters, is entirely devoted to the issue of EU aid management, both in Brussels and abroad. Chapter 5 focuses on the changes that have taken place in Brussels and pays attention to changes in institutional set-up following the Lisbon Treaty, the way in which quality control, and monitoring and evaluation are handled and what has been done in terms of transparency. Chapter 6 is about aid management at the level of the EU delegations and the changes therein since 2002. It pays particular attention to the issues of staffing and aid procedures. Chapter 7 focuses on the main developments in the area of financial control and supervision, external auditing and in terms of dealing with issues of possible fraud.

Part 3 on EDF implementation and results provides information on the implementation and results accomplished under the EDF at national, regional and inter-regional levels. Chapter 7 on national programmes, focuses on the application of the principles of the Cotonou Agreement on EU aid planning at country level, the issue of EDF sector focus and the added value or complementarity of EU aid. It also provides information on the results and (net) outcomes accomplished. The chapter concludes with a presentation on the way in which the political pillar of the Cotonou Agreement has been handled. Chapter 8 provides a brief on regional programmes and what is known of their results and information on the state of affairs of the Economic Partnership Agreements and ACP-EU trade relations. The intra-ACP component of the EDF is dealt with in chapter 9; it is primarily descriptive and contains a presentation of the African Peace Facility, the facilities for water and energy and the EU-Africa Infrastructure Trust Fund.

The annexes are partly in print and included in the report and partly on the CD-ROM that comes with this publication. The print version includes a brief on IOB (Annex 1), shortened terms of reference (Annex 2), a list of respondents (Annex 3) as well as more detailed statistics on the EDF (Annex 4). The CD-ROM contains in addition the following annexes: Views from country evaluations (Annex 5); EU treaties on aid (Annex 6); Other EDF instruments (Annex 7); Other European foreign aid instruments (Annex 8); The Article 8 political dialogue and what happens when its fails (Annex 9); Trade & the Economic Partnership Agreements (Annex 10); Effective multilateralism (Annex 11) and the references used (Annex 12).

Part 1

Policy matters

Dutch delegation (Joseph Luns (left), Netherlands Foreign Minister, and Johannes Linthorst Homan (right), Head of the Netherlands Delegation to the Intergovernmental Conference on the Common Market and Euratom) signing the Rome Treaty (1957)

1

Basic characteristics of EU aid and the European Development Fund

Introduction

This chapter describes the basic characteristics of European development cooperation in general and the EDF in particular. It provides a brief on the legal basis for the EU to get involved in external relations and development cooperation and the various instruments that are used in this respect. It provides more details on the European Development Fund and the Cotonou Agreement of 2000 and the revisions it has gone through in 2005 and 2010. It also provides an overview of EU aid funding over the last decade and a broad picture on the way in which the EDF is financed and how EDF resources have been used. The chapter concludes with an overview of the main institutions involved in EU aid management until the most recent reforms that were introduced following the Lisbon Treaty.

1.1 Legal framework of EU external relations and aid

Since 1957, the Netherlands, one of the EU's founding fathers, has been signatory to a series of European treaties that stipulate that a united Europe has a role to play in foreign relations, including development cooperation (see Text Box 1.1; for more details see Annex 6). Apart from altruistic considerations, self-interest and the importance attached to European values, development cooperation has been 'fundamental to the process of European integration and the EU's global role' (Holland (2002)).

Text Box 1.1 *Legal basis of EU external aid*

EU development aid finds its legal origins in the **Treaty of Rome** establishing the European Economic Community (EEC) of March 1957. With the Treaty, the Community intended 'to confirm the solidarity which binds Europe and the overseas countries' and desired 'to ensure the development of their prosperity, in accordance with the principles of the Charter of the United Nations'. Member States agreed to associate these countries, having special relations with Belgium, France, Italy and the Netherlands, to promote their 'economic and social development' and 'to establish close economic relations between them and the Community as a whole'. The Treaty also introduced the EDF to finance projects in social and economic investments that were 'in the public interest'.

With the **Maastricht Treaty** (February 1992), EU Member States agreed that Community activities would include 'a policy in the sphere of development cooperation' (Article 3). This policy was to be characterised by a focus on (i) 'sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them', (ii) 'integration of the developing countries into the world economy' and (iii) alleviating poverty. It was also to 'contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms'. Development cooperation was to be a shared parallel competence of both Member States and Commission and Community aid was to 'be complementary to the policies pursued by the Member States'. Community and Member States were to coordinate their aid policies and consult each other on their aid programmes.

The **Treaty of Amsterdam** (October 1997) stressed the importance of consistency of the Community's external relations, security, economic and development policies. The Treaty aimed to make its Common Foreign and Security Policy more effective and to equip the Community better for its role in international politics by introducing the position of High Representative for this policy field.

The **Treaty of Nice** (February 2001) reconfirmed the Community's position on solidarity of the Rome Treaty and the focus of aid and the tasks of the Community as mentioned in the Maastricht Treaty in the areas of development cooperation. It also reconfirmed the complementarity principle and the general objectives of democracy, the rule of law and respect for human rights and fundamental freedoms.

Article 188 of the **Treaty of Lisbon** (December 2007), which is the legal basis for the current European Union, integrated development cooperation into overall EU foreign policy but at the same time made development policy a 'policy of its own right'. The Treaty reconfirmed earlier statements on complementarity and made poverty eradication the overall aim of EU development cooperation. It also reconfirmed the earlier principles of coordination and consultation, also 'in international organisations and during international conferences' (Article 188). On coherence, the Treaty mentions that '(the) Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries'. The Treaty also had important organisational implications. New was furthermore the statement on the common values on which the Union is founded (though these have been fairly constant in guiding the Union's foreign policy initiatives (Olsen (2008)), i.e. respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights.

To be able to play this role, EU aid was provided under a broad and seemingly ever expanding spectrum of aid policies (see e.g. Grilli (1993), Reisen (1999), Arts and Dickson (2004) and Frisch (2008)). The original geographical emphasis in development co-operation changed over time, reflecting the 'different perspectives brought by each new entrant to the EU' and 'the changing role of development policy' (OECD (2002)). From the original aid relationship with European colonies as reflected in the Rome Treaty of 1957, by the start of the new Millennium the EU had 'established a broad framework of external relations concerned with new opportunities for further enlargement of the EU within Europe, the need for peace and stability in neighbouring areas of the Middle East and the Balkans, and enhancing global trade' (OECD (2002)). To deal with an increasingly diverse landscape, the number of aid budget lines and instruments had mushroomed by the end of the 1990's, mainly because of the tendency to create specific budget lines to support particular activities. These reflected the EU's own specific interests, strategic considerations and priorities. The scope of this proliferation was brought down from 35 to 15 instruments in the years 2000-2006 to 12 for the period 2007-2013: five geographical instruments, including the European Development Fund, four thematic ones and three instruments related to disaster and crisis response (see Figure 1.1). More information on instruments other than the EDF is given in Annex 8.

Figure 1.1 *EU external relations instruments*

1.2 The European Development Fund

General

The EDF is the oldest European aid instrument and goes back to the '*Fonds européen de développement et les pays d'outre-mer associés*'. This Fund was in place from 1959 to 1964 and served to finance mainly capital infrastructure such as roads, hospitals and schools in European colonies and territories in Africa plus New Guinea and French OCTs in the Pacific. With the end of European colonial rule and an increasing number of overseas countries and territories gaining independence by the early 1960s, it was realised that the original set-up – only an *internal* agreement among the EU Member States – had become obsolete. From 1963 onwards, this agreement was complemented by a series of international agreements, starting with the Yaoundé I Convention and ending with the Cotonou Partnership Agreement of 2000 that after two revisions is still in force today. These Agreements (see Text Box 1.2 for the period 1964-2000) have guided to a large extent EU aid relations with the group of ACP countries – though its generic aid policies are relevant as well.

Text Box 1.2 *The Yaoundé and Lomé conventions (1964-2000)*

The ***Yaoundé*** I Convention, was signed with 18 former colonies of the EU Member States, united in the Associated African States and Madagascar. It entered into force in July 1964 and was followed in 1969 by the Yaoundé II Convention. The Yaoundé conventions provided the framework for the 2nd EDF (equivalent budget of 730 million European Currency Units (ECU)) and the 3rd EDF (918 million ECU). With the UK joining the Community in 1973, the position of the members of the British Commonwealth became an issue. The UK was also keen to put its special trading preferences for bananas and sugar under the EU umbrella and to see EU aid also go to some of its former colonies.

The **Lomé** I Convention was signed with 46 ACP countries in 1975 following the establishment of the ACP group in Georgetown in 1975. This coincided with the approval of 4th EDF (3 billion ECU) and the start of an aid programme for non-associated developing countries in Asia, Latin America and Africa. The Agreement aimed at implementing a model of development founded on partnership and solidarity. Lomé I made ACP countries responsible for their own development and gave them a lead role in managing Lomé resources. Lomé I also introduced the so-called STABEX scheme to help stabilise export receipts on agricultural products together with non-reciprocal trade preferences for most exports form ACP countries to the Community as a means to promote economic development.

Lomé II was signed in October 1979 with 58 ACP countries – in parallel with the 5th EDF (4.7 billion ECU). It did not introduce major changes apart from establishing SYSMIN, a STABEX-like system for the mining industry. Lomé III followed in 1985 in conjunction with the 6th EDF (7.4 billion ECU) and was signed with 65 ACP countries. It implied a shift away from the promotion of industrial development to self-reliant development on the basis of self-sufficiency and food security.

Lomé IV followed in 1989 and was signed with 68 countries. It was the first Convention for a 10-year period. Its financial protocol was valid for 5 years with a total envelope of 10.8 billion ECU for the 7^{th} EDF and close to 13 billion for the 8^{th} EDF. A new element was aid conditionality: despite some initial resistance from the ACP countries, it was the first development agreement to incorporate a human rights clause that could be used to initiate measures against a country violating this clause. This reflected the Union's increased concern for human rights issues that began to emerge in the late 1970s in reaction to atrocious human rights' violations in a series of African countries. With its Article 5(1) it drew a direct link between development cooperation and human rights.

Lomé IV bis came in place in 1995. It was signed with 70 ACP countries and lasted until 2000. The main changes were: (i) the respect for human rights, democratic principles and the rule of law became essential elements of the Convention and, as a first, a 'fundamental' part of cooperation; (ii) reference is made to the concept of sustainable development, the need for developing countries to be 'integrated into the world economy' and the fight against poverty; and (iii) the introduction of phased programming, with the aim of increasing flexibility and improving performances from ACP countries. More attention was given to decentralized cooperation and the involvement of civil society. In terms of trade, the Convention introduced a system of non-reciprocal trade preferences, granting unlimited entry to the EU market for 99% of industrial and other goods originating from the ACP countries. Pressed by the UK, separate trading protocols for sugar, bananas, veal and beef were added to the agreement fixing an annual import quantity and price.

A green paper prepared by the Commission on the future of ACP-EU relations in November 1996 provided the kick-off for the negotiations on the successor of the Lomé IV bis Convention. It was prepared at a time when it was evident that the ACP countries' historical and often colonial relationship with the EU had come under pressure. This had been the result of[9]:

- dwindling common interests, with the ACP countries declining on the Community's priority list in terms of geopolitical, economic and security concerns,
- a tightening of aid budgets and an 'inward looking tendency borne of social difficulties in Europe',
- an increased focus on politics: after the end of the Cold War, Europe's neutral stance in political affairs was replaced by a growing 'politicisation' of ACP-EU co-operation and respect for human rights, democratic principles and the rule of law were given more importance,

9 See Commission (1996), ECDPM (2002), Holland (2002), Daerden and Salama (2002) and Friedrich-Ebert-Stiftung (2006).

- the Lomé trade regime was increasingly challenged since it had done little to increase and diversify the export from ACP countries. Furthermore, it had become incompatible with the new international rules agreed through the World Trade Organisation, and
- the complexity and questionable impact of aid, with the Commission referring to 'patchy achievements of ACP-EU cooperation'. Like other EU aid, Lomé had become a complex tool with too many objectives, instruments and procedures.

Formal negotiations on the successor to Lomé IV bis, starting in September 1998, came to a conclusion in February 2000 and the Cotonou Partnership Agreement, valid until 2020, was signed on 23 June 2000. It was ratified by the Netherlands in December 2002. Ratification in all countries that were party to the agreement took time, close to 3 years, delaying the start-up of the 9th EDF until 1 April 2003. The following paragraphs describe the Cotonou Partnership Agreement and the changes it has gone through in 2005 and 2010 in more detail together with the Dutch views on the specifics of this agreement.[10]

The Cotonou Partnership Agreement of 2000

The Cotonou Agreement meant a refocusing of development policies on *poverty reduction* (see Text Box 1.3) – in line with what was stated in the Maastricht Treaty. Moreover, when allocating funds, this was not only to be based on an assessment of a country's needs but also of its performance. In contrast to Lomé's uniformity (Holland (2002)), it allowed for greater aid selectivity and differentiation in the treatment of ACP countries. This responded to the Netherlands concerns as regards the 'entitlement culture' that had emerged, which ought to make place for contractual relations and country allocations based on performance on agreed targets.

As had been favoured by the Netherlands, the Agreement specifically enhanced the political dimension of ACP-EU cooperation with its focus on addressing corruption and identifying human rights, democracy, and the rule of law as essential elements and good governance as fundamental element of the partnership.[11] Despite reservations on the ACP side, the ACP-EU political dialogue was institutionalised on the basis of Article 8, which was seen as a strategic tool to discuss a broad range of issues – from human rights, stability, security to peace and ACP-EU cooperation priorities.[12] The Agreement advocated for participatory

10 These views can inter alia be found in KST 45662 (2000), KST 47517 (2000), KST 77546 (2004) and KST 109560 (2007).

11 In 1999, the Council confirmed that two key issues were decisive for the success of the negotiations, 'namely the EU request for inclusion of good governance, alongside democracy, human rights and rule of law, in the essential elements of the new agreement and the definition of the new trade regime'. Moreover, '(the) Council confirmed its willingness to seek an overall compromise dealing with good governance and the non-execution clause which would highlight the particular importance it attaches to the issue of corruption' (Council (2000b)).

12 In order to meet the concerns of the ACP countries, the EU Member States finally agreed upon providing detailed modalities for the political dialogue and detailed provisions about when to proceed to an Article 96 procedure. Article 96 provides for consultations in case a signatory to the Agreement fails to fulfil an obligation in relation to its essential elements (human rights, democratic principles, and the rule of law). Article 97 relates to cases of corruption. See further chapter 7 on this issue.

approaches and the involvement of civil society in the reforms and policies to be supported by the EU. Its Article 9 on the involvement of civil society and other non-state actors was in line with the Dutch position on the role of civil society and its participation in the above-mentioned political dialogue.[13] The Agreement furthermore included gender equality as a specific cross-cutting theme in ACP-EU cooperation (Article 31). Its Article 50 referred to the mainstreaming of fundamental social rights in the areas of trade and core labour standards (e.g. the freedom of association, the abolition of forced labour, the elimination of worst forms of child labour and non-discrimination with respect to employment).

Text box 1.3 *The Cotonou Agreement – Article 1: Objectives of the partnership*

'(...) The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy. (...) Sustained economic growth, developing the private sector, increasing employment and improving access to productive resources shall all be part of this framework. Support shall be given to the respect of the rights of the individual and meeting basic needs, the promotion of social development and the conditions for an equitable distribution of the fruits of growth. Regional and sub-regional integration processes which foster the integration of the ACP countries into the world economy in terms of trade and private investment shall be encouraged and supported. Building the capacity of the actors in development and improving the institutional framework necessary for social cohesion, for the functioning of a democratic society and market economy, and for the emergence of an active and organised civil society shall be integral to the approach. Systematic account shall be taken of the situation of women and gender issues in all areas – political, economic and social. The principles of sustainable management of natural resources and the environment shall be applied and integrated at every level of the partnership.'

The Cotonou Agreement promised also enhanced co-operation in all areas important to trade. The earlier non-reciprocal trade preferences were to be replaced by a reciprocal trade regime under what were to become the Economic Partnership Agreements (EPAs).[14] Moreover, it introduced in Article 12 a consultation procedure on the coherence of Community policies and their impact on the ACP States. It invited the Community to inform

[13] See KST 42623 (1999) and KST 55526 (2001). The crucial role of 'an empowered civil society' was once more recognised by the Council in October 2012 (Council (2012e) and (2012f)).

[14] This trade regime was to be made 'compatible' with the requirements of the WTO, even though this caused worries among the ACP countries, which feared a further marginalisation in the EU's geopolitical and aid priorities and the loss of preferential access to the EU market (ECDPM (2002)). At the same time, trade-wise, differentiation was essential for the LDCs among the ACP countries as these countries were exempt from some WTO rules. For these LDCs, an alternative trade arrangement was presented before the Cotonou Agreement went into force: the Everything-But-Arms (EBA) initiative of March 2001 (see Text Box 8.4). The Netherlands welcomed the differentiation between LDCs and more advanced countries in terms of trade regime as reflected in Article 37 (9) of the Cotonou Agreement as well as the introduction of the EBA scheme.

the ACP States 'in good time' of measures it intends to take 'which might affect the interests of ACP States'. The topic of migration was introduced through the return and readmission clause in Article 13, which was welcomed by the Netherlands. Article 11 of the Agreement strengthened the link between development issues and conflict prevention, management and resolution. As will be shown in chapter 9, this provision, supported by the Netherlands, came in handy when the African Peace Facility was set up in 2003.

Against the wishes of the ACP countries, sizeable envelopes to mitigate the adverse effects of instability of the export earnings of ACP States (STABEX) and to encourage the development of their mining resources (SYSMIN), were abolished in 2000 and a new scheme was introduced.[15]

Finally, in terms of aid modalities, Article 61 of the Agreement stipulated, in line with the Dutch position on this issue, that budget support would be linked to the criteria of proper public expenditure management, well defined macro-economic or sectoral policies and open and transparent public procurement.

The 1st Revision of the Cotonou Partnership Agreement of 2005

Based on its Article 95, which created space for revision every 5 years – though not for economic and trade cooperation for which there are special provisions – the Agreement was revised in 2005. Negotiations on this revision, held during the Netherlands Presidency, were formally opened in May 2004 and concluded in February 2005. Signed by the ACP-EU Council of Ministers in June 2005, the revised Agreement went into force in July 2008. According to the Commission, a factor complicating the negotiations was that EU Member States could not make up their mind whether to incorporate EDF into the budget (Commission (2005i)). The revision was ratified by the Netherlands in 2007.

In line with the poverty focus of the original Agreement, the 2005 revision included reference to the Millennium Development Goals and the promotion of the fight against poverty-related diseases and protection of sexual and reproductive health and rights of women. Provisions to facilitate non-state actor access to indicative programme resources were made as well. Least developed countries were, once more, given priority. The revision furthermore introduced more flexibility in the allocation of resources, amongst others through the creation of a B-envelope for unforeseen needs at regional level. As a result it became possible to use EDF resources for policies to promote peace and to manage and settle conflicts, including post-conflict support. Aid effectiveness became part of the fundamental principles of the Agreement, and the principles of ownership, alignment, harmonisation, result-oriented management and mutual accountability were to guide ACP-EU development cooperation. The revision also introduced an anti-terrorism clause

15 See Annex 7 for more details on STABEX and SYSMIN. More recent proposals related to the 11th EDF announced the establishment of a shock-absorbing scheme to help ACP countries to mitigate the short-term effects of exogenous shocks (Commission (2011t)).

(Article 11a), a Dutch priority since 2002,[16] together with a co-operation clause on the fight against the proliferation of weapons of mass destruction (Article 11b) and a reference to the International Criminal Tribunal in the revised Preamble. There also came a human rights – suspension clause and all signatories recognised that there would 'be no impunity for crimes against humanity'. According to the Commission, these provisions 'further strengthened the political dimension of EU-ACP relations' and broadened the scope of the ACP-EU political dialogue (Commission (2006i)).

The 2nd Revision of the Cotonou Agreement in 2010

Preparations for a second revision started in October 2008. The negotiations were launched in May 2009 and concluded at an extraordinary ACP-EU ministerial meeting in March 2010, with the European Parliament expressing its chagrin of once again not having been involved in the entire process (European Parliament (2009c)). The revised Agreement was signed in June 2010 and became applicable, on a provisional basis, from 1 November 2010 onwards.[17] According to the Commission, the revision adapted 'the partnership to the realities of ACP-EU relations today'. It reflected developments since 2005, such as the launch of the Africa-EU Strategy, the Aid Effectiveness agenda as further developed by the Accra Agenda for Action, policy coherence for development and progress towards the MDGs (Commission (2011c)). It was to be seen as 'an important step towards a reflection on the future of the ACP-EU relations post-2020 when the Cotonou Agreement will expire' (Commission (2010v)). The Netherlands has not yet ratified the second revision.

As part of the 2010 revision, the provisions against the proliferation of small arms and light weapons organised crime and trafficking of human beings, drugs and weapons were strengthened. The African Union was introduced as 'an actor of cooperation' on an equal footing with the ACP States, other ACP regional organisations and non-State actors.[18] It was given an important role in regional integration and cooperation, peace building and conflict resolution as well as the Article 8 political dialogue. The second revision also stressed the importance of agricultural development. Revision of Article 13 on migration was a stumbling block in the negotiations, especially the clause on readmission. While the Netherlands advocated for more specific provisions, no amendment was finally made primarily because the ACP countries resisted discussing the EU proposal to significantly

16 See for example KST 62693 (2002), KST 66885 (2003), KST 77487_2 (2004), KST 77546 (2004) and KST 99760 (2006)). The Netherlands originally aimed for a clause on the importance of international law and the fight against impunity, including a reference to the Statute of Rome (providing the foundations for the ICC), to be included in the main text of the agreement. Eventually, it accepted a clause in the preamble, which, given the position of other Member States and opposition from the ACP countries, was considered to be the maximum result possible.

17 Equatorial Guinea and Sudan did not ratify the Cotonou Agreement and are therefore not eligible for funding from the 10th EDF.

18 After the second revision, Article 2 of the Cotonou Agreement reads in this respect as: 'apart from central government as the main partner, the partnership shall be open to ACP parliaments and local authorities in ACP States and different kinds of other actors in order to encourage the integration of all sectors of society, including the private sector and civil society organisations, into the mainstream of political, economic and social life'.

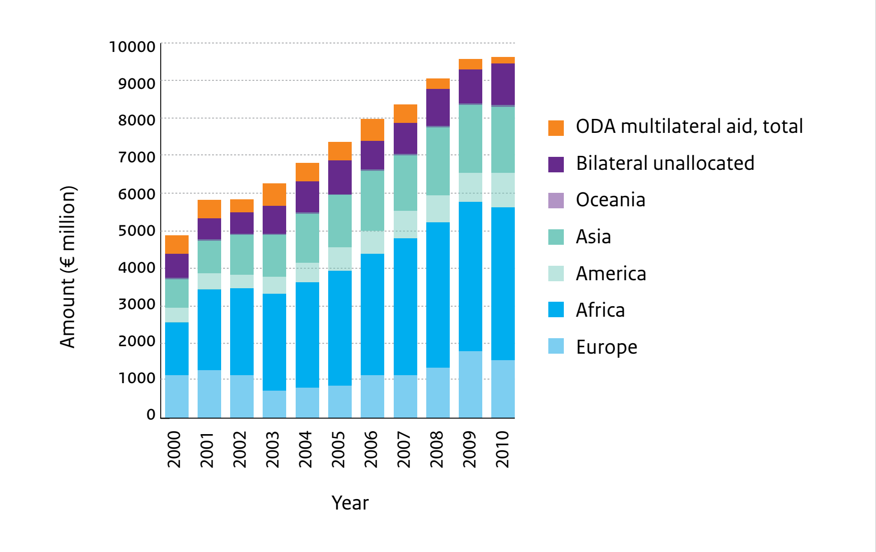
tighten existing provisions (BOND and ECDPM (2010)). Referring to ILO Convention 182 on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, the Netherlands preferred to include child labour in the Preamble of the Treaty. It was however not supported in its position; child labour was nevertheless included as a subject of the Article 8 political dialogue. The Netherlands also wanted to include in the article on budget support a reference to additional (political) agreements between EU and ACP-countries on this aid instrument in order to strengthen the budget support related policy dialogue. This position was, however, rejected, though governance was introduced as a criterion for resource allocation. Finally, ACP national parliaments are mentioned for the first time as actors of cooperation, with Article 17 providing details on the role of the Joint Parliamentary Assembly.

1.3 EU aid funding and spending

General

With the exception of the EDF, as will be further explained below, the instruments mentioned in Figure 1.1 are financed from the Commission's budget for external action (Category IV). Total expenditure for external action increased from EUR 3.7 billion in 2000 to EUR 7.8 billion in 2009. The share of the external action budget of the total EU budget was some 6.9% in the 1990s and 9.3% in the new Millennium. Figure 1.2 shows the distribution of EU ODA, including the resources from the EDF, by region in the period 2000-2010. Of a total of some EUR 83 billion spent in this period, 41% has gone to Africa, 19% to Asia, 15% to European countries, 8% to Central and Latin America and less than 1% to countries in the Pacific. Other aid flows represented some 16%.

Figure 1.2 *EU ODA disbursements 2000-2010 (in EUR mln)*



In 2009, 46% of all EU aid went to low-income countries (compared to 52% in 2005); for the individual EU Member States this was on average 58%.

This distribution has frequently been subject of debate. The Netherlands, like other Member States, has repeatedly expressed concern about the high share of all EU aid going to middle-income countries in the Union's 'near abroad', receiving aid on the basis of the EU's political and economic priorities and the wish to foster stability in this part of the world, and declining aid for LDCs and other low income countries (in terms of share of EU ODA). However, the same Member States have urged the Commission to focus on this 'near abroad', the importance of which has increased with EU expansion eastwards.[19] Likewise they asked the Commission to pay attention to the countries on the southern fringes of the EU, which have gained in importance against the background of the recent 'Arab Spring'.[20] As was stated by the Commission in 2005, in line with Member State preferences, EU policies, including development policy, have to take account of the wider strategic importance of many middle-income countries to reflect the EU's interests and security concerns (Commission (2005l)).

In terms of aid sectors (see Figure 1.3), EU ODA has seen a focus on social infrastructure and services, with commitments increasing from 25% of total commitments in 2000 to 40% in 2010, however with a major share going to the broad category of 'Government and civil society'. While increasing in absolute terms, the share of economic infrastructure and services declined from 16% to 10% in the same years. The share of the category of production sectors increased from 9 to 11%.

19 According to OECD (2002), '(there) is no doubt that support to Europe has risen. The External Action and Pre-Accession budgets have been rising strongly in recent years, in line with foreign policy objectives to support the accession of Eastern European countries to the EU, to stabilise countries in conflict in the region, and to help develop neighbouring countries'. According to Schneider and Tobin (2010), '(particularly) with the fall of communism and the ambitions of the EU to integrate the Central and Eastern European countries into the Western European system, a crowding out effect has occurred in which Africa lost its position as the most important recipient of EU multilateral aid'.

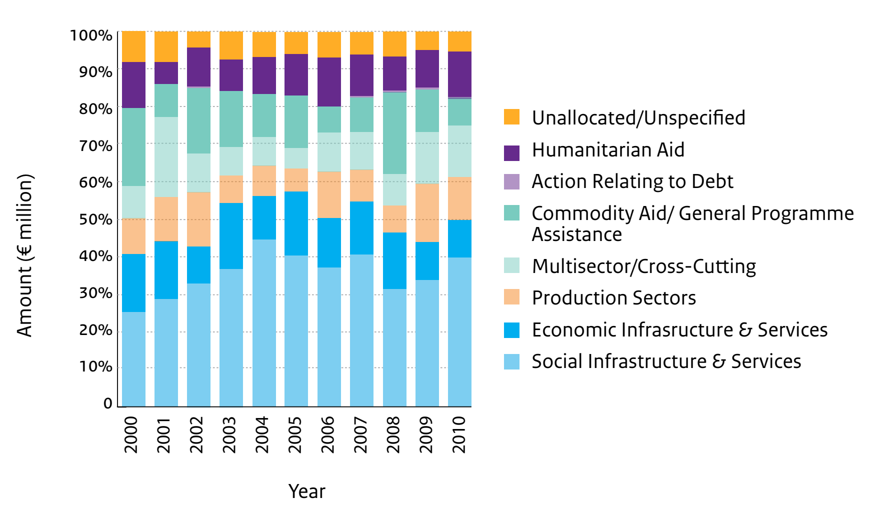
20 Not surprisingly, in 1999-2000, the top ten recipients of EC ODA were: Yugoslavia (including Kosovo); Morocco; Bosnia and Herzegovina; ex-Yugoslavia; Egypt; Tunisia; South Africa; Turkey; Albania; and Macedonia. Much of the aid under e.g. the Neighbourhood Instrument is ODA eligible. According to OECD (2007), of the top ten recipients of EC assistance, five are categorised as least developed countries or other low-income, four are lower middle-income, while the largest recipient, Turkey, is an upper middle-income country.

EDF funding and spending

Funding

Contrary to other EU aid instruments, the EDF has remained a fund that is based on a separate inter-governmental agreement and is financed through voluntary contributions of the Member States. For decades[21], the issue of changing this state of affairs by bringing the EDF into the general EU Budget (i.e. *budgetisation* of EDF (see Text Box 1.4)) has been on the European agenda and on the agenda of successive Dutch governments, which have always been in favour.[22] It surfaced at the time of each renewal of the EDF and popped up during the negotiations on the Cotonou Agreement.

Figure 1.3 *Share of EU ODA commitments by sector 2000-2010*



[21] Already back in 1984, the Netherlands was, in principle, prepared to replace separate EDF funding by an increase of its regular contribution to the EU – provided that Commission aid management would improve and other Member States would live up to their ODA commitments (KST 35264 (1999)). According to Daerden and Salama (2002), '(as) early as 1973, the European Parliament had proposed the incorporation of the EDFs into the Community budget but this had been rejected by the Council of Ministers'.

[22] See for example KST 29902 (1998), KST 123199 (2008), KST 21501-04-123 (2011), KST 21501-04-133 (2011), KST 22112-1313 (2011), KST 21501-04-137 (2011), KST 21501-04-139 (2011) and KST 22112-1121 (2011). In January 2011, a motion on this issue was adopted in the Dutch Senate ('Motie Willems') asking the Government, amongst other things, *'haar bijdrage aan het Europese ontwikkelingsbeleid in te zetten voor coördinatie van dit beleid, en tevens te pleiten voor verlaging van de Nederlandse bijdrage aan het EO-fonds en overheveling naar andere efficiënte OS-kanalen en voorts tot opname van deze EOF-begroting in de gehele EU-begroting' (Handelingen 2010-2011, nr. 23, item 8).*

Text Box 1.4 *The budgetisation debate*

The budgetisation debate focused on the following main issues:

- The absence of the democratic control function of the Parliament with respect to the EDF.
- Whether budgetisation would have financial repercussions for the Member States.
- The question whether the historical and preferential relations with the ACP countries and separate funding mechanisms for these countries ought to be maintained, with the Dutch position being in 2011 that budgetisation would do away with the 'fence' surrounding the EDF and would increase flexibility in allocating aid resources (KST 106101 (2011)).
- Whether budgetisation would enhance efficiency of aid implementation and thus contribute to aid effectiveness.
- EU Member State influence – whether to give up the more influential role of the Member States in the running of the EDF.

In the early years of the new Millennium, there was little support for the idea of budgetisation. Council discussions in October 2003 made clear that the UK, Spain and Ireland were against (Kilnes and Sherriff (2012)). With unanimity required, the status quo was maintained. The same happened after the negotiations on the 2007-2013 financial perspectives in December 2005. When budgetisation was tabled in 2011, prospects were slim once more because of lack of unanimity among the Member States.[25] The Commission's proposal that the EDF should remain outside the budget for the period of the next multi-annual financial framework was finally accepted at Council level. However, in order to create a perspective of future inclusion, in terms of democratic scrutiny, the Commission proposed to bring the EDF into 'line with the DCI whilst taking into account the specifics of this instrument' and to further align Member States' contribution keys with the keys used for the EU budget. Given the lack of unanimity, the Netherlands, appreciated the steps proposed by the Commission.[24]

23 The UK was against (also in 2012), Italy and Spain not convinced of the necessity, Germany considering that 2020 would be a better occasion (ending of Cotonou), and only Belgium, Denmark, France and Sweden in principle in favour (KST 21501-04-134 (2011)). Reflecting a change in comparison with its 2003 position, also the Commission considered that, 'in the current circumstances, with the Cotonou agreement (...) due to expire in 2020, the conditions for integrating the EDF fully into the budget are not yet met' (Commission (2011x) and (2011t)).

24 KST 21501-20-553 (2011). See also KST 21501-04-134 (2011) and KST 22112-1313 (2011).

The size of the EDF and Member States' contributions to it are subject of negotiations that take place in the Council and COREPER, as well as between Commission, EU Presidency and individual Member States. They continue until the overall amount and distribution key are agreed upon. Total budget and distribution key are then approved by the Council as part of the agreement on the EU multiannual financial framework. Finally, the total EDF envelope, the amounts reserved for the ACP countries, the OCT, and support expenditure for the Commission are reflected in an Internal financing Agreement that is signed by all EU Member States.[25] While Member States may contribute more or less to the EDF, in practice the distribution key is followed. Chapter 5 on Revenue Operations of the Financial Regulation of 27 March 2003 stipulates the procedures to be followed with respect to the Member States' payments. Annex 4 (Table A.4.1) provides an overview of the Member States' annual contributions in the period 2000-2010.[26]

The discussions on contributions to the EDF and those on the overall EU budget are often linked. This implies that many Member States, including the Netherlands, consider the *total* amount to be paid to the EU budget when making strategic calculations on their overall negotiation strategy (Frederiksen (2006) and Kilnes et al (2012)).[27]

The Dutch share of the 9th EDF is 5.2% and 4.9% for the 10th EDF. Since the total budget of the 10th EDF increased, its real contribution increased from EUR 720 million to EUR 1.1 billion.[28] In 2008, its contribution to the EDF plus its contribution to development aid through the EU budget represented some 8% of Dutch ODA. In 2011 this was around 11%.[29]

Given the size of its contribution, a question is whether any of money channelled through the EDF has 'come back' to the Netherlands – through for example supply, works and technical assistance contracts. Back in 1984 under the 4th EDF, the share of Netherlands enterprises in EDF contracts with EU Member States was some 5.8% (compared to a 7.3% share in the EDF budget). Data obtained from the Commission for the period 2004-2008 indicates that the Dutch share of EDF financed contracts with enterprises from EU Member States was 4.7% while it provided some 4.9% to the EDF budget.[30]

25 For the 9th EDF this Internal Agreement goes back to September 2000, for the 10th EDF to September 2006.

26 This decline in relative contribution has had repercussions for the number of Dutch votes on the EDF Committee going down from 12 out of 221 votes (6.2%) under the 9th EDF to 49 out of 1,004 (EU-27) votes (4.9%) under the 10th EDF. However: voting rarely takes place.

27 See e.g. KST 21501-04-142 (2012), confirming that although the EDF refers to an inter-governmental agreement, decision-making is tied with the negotiations on the multi-annual financial framework for the years 2014-2020.

28 In comparison, the Dutch share was 12% in 1959-1964, 9% in 1964-1969, 8.9% in 1969-1975, to 8% in 1975-1980 and 7.26% in 1980-1985.

29 Compared to many other Member States (exceptions are Denmark (9%), Luxemburg (9%) and Sweden (7%)), this is relatively low: in 2011, the UK channelled 17% of its ODA budget through EU institutions, Germany 21% and France and Italy over 50% (http://one.org.s3.amazonaws.com/pdfs/data_report_2012_eu_en.pdf).

30 In comparison, while the French contribution to the EDF equals around 24%, the share of French enterprises of EDF contracts with EU Member States was 34% during this period. In the case of Germany these shares were 23% and 8% respectively.

Between 2002 and 2009, France, Germany, the UK, Italy, Spain and the Netherlands, have provided the bulk of EDF funding: over 80%.[31] EU expansion over the years has resulted in a nominal reshuffling in the share of the contribution of the individual Member States. For Member States that have joined since 2004 it was agreed that they would start contributing to the 10th EDF only. With the exception of Poland[32], new Member State contributions are still below the 1% mark.

In the negotiations on the 9th EDF, the Dutch position was that the EDF budget should not grow or have nominal zero growth – which was different from the position of the Commission and an increasing number of Member States. The Netherlands moreover favoured a lowering of its own share so that it would be more in line with its contribution to the EU budget (KST 42363 (1999)). However, against a background of the historical evolution of the shares paid by the individual Member States and since the real EDF budget was declining, the Netherlands in the end agreed to leave the distribution key as it was.[33]

No information was found as regards the Dutch position on the size of the 10th EDF and the contribution the Netherlands was expected to make. This was different when the Commission came with its proposal for the 11th EDF, envisaging a Dutch contribution of some EUR 1,662 million (equivalent to a share of 4.85%, i.e. slightly below the share for the 10th EDF).[34] The Netherlands did not disagree to the proposal to bring Member States contributions more in line with those for the EU Budget. However, it did not agree to the suggested size of the EDF and the proposed 20% increase in the EU's external relations budget. Its position was that with Member States reducing spending, there was a need for sobriety at the level of the Union as well – also with respect to its external relations instruments.[35] The high European ambitions in this field did not necessitate a (substantial) increase in funding: when 'sharp choices' were made, stricter conditions for aid were applied – and this particularly concerned general budget support – and inefficiencies in aid programmes were reduced, there would be sufficient resources for what it considered

31 In this period, the shares committed by the 'big six' were as follows: France: 24.3%; Germany: 23.4%; United Kingdom: 12.7%; Italy: 12.5%; Spain: 5.8% and the Netherlands: 5.2%.

32 According to Werner (2011), '(the) current level of Polish contribution to the Fund is 1.3% or EUR 294.8 million, less than half the 3% contribution it makes to the EU budget. In the next EDF, Poland will likely attempt to negotiate a similar contribution level. This is somewhat disappointing as the hope was that Poland would take a more active and decisive role in development, particularly in Africa, where it has had limited reach'.

33 See for example KST 41492 (1999), KST 42739 (1999), KST 42739 (1999) and KST 45662. (2000).

34 In terms of the proposed per capita contribution to the 11th EDF, the Netherlands ranks fourth after Luxemburg, Denmark and Sweden (Kilnes et al (2012)).

35 See for example KST 21501-04-134 (2011), KST 21501-04-142 (2012), KST 21501-02-1129 (2012), KST 21501-20-628 (2012) and KST 33240-V-5 (2012), with the most recent statement being that the European budget cannot ignore the budget cuts that the Member States have to realise and that the Netherlands aims at a reduction of EUR 100 billion in comparison with the Commission's financial proposals (KST 33400-V-2 (2012).

priority instruments.[36] Finally, and this goes back to the Dutch position on ODA funding by EU Member States (see Text Box 1.5), the Netherlands disagreed with the Commission's argument that the Union's external aid volume should grow strongly to realise European ambitions. It argued that if all Member States kept to the norm of spending 0.7% of their gross national income (GNI) on aid, the Union as a whole would have significantly more to spend.

Text Box 1.5 *The European 0.7% debate*

For many years, the Netherlands has emphasised that other Member States ought to live up to the political, not binding, agreement of Seville (June 2002) that, with the exception of the new ones, all Member States would gradually increase their ODA to 0.33% in 2006 while those already complying with the norm would 'renew their efforts to remain at or above the target of 0.7% ODA, so that collectively a European Union average of 0.39% is reached by 2006' (Council (2002b)). Main reasons for this position were: (i) increased ODA levels were needed for reaching the MDGs; (ii) the need for the Union to comply with international agreements; (iii) big differences in ODA levels between members of one and the same Union were increasingly difficult to sell at the home front. Time and again, the Council has reiterated the importance the ODA commitments made at Union level as a contribution towards alleviating poverty and meeting the MDGs.[37] The 0.7% norm was also incorporated into the European Consensus. By 2010 however, the Council, had to acknowledge that the EU would not reach the collective EU intermediate target of 0.56% ODA/GNI by 2010' (Council (2010p)). Two years later, OECD concluded that though EU Member States had contributed 62% of the global increase in ODA between 2004 and 2010, with a collective ODA/GNI ratio of 0.44% in 2010, the EU failed to reach the 2010 target (OECD (2012)). To the Netherlands, this slack performance affected the EU's credibility as a donor. It was joined in its critique by others (e.g. Concord (2010), Concord/ Aidwatch (2011), European Parliament (2011d)). Notwithstanding this development, in May 2012, Council conclusions reaffirmed the commitment to achieve all EU and Member States' development aid targets, including the collective 0.7% ODA target to be reached by 2015 (Council (2012a)). Amidst declining global ODA levels, the Council noted in October 2012 that nevertheless the EU had 'maintained its position as the biggest global ODA donor' and that 'the EU has reached the target of spending at least 0.15% of GNI on Least Developed Countries and that the share of EU collective ODA to Africa increased in 2011' (Council (2012l)).

[36] Priorities were the European Neighbourhood Policy instrument, the Instrument for Stability and the European instrument for Democracy and Human Rights, with KST 21501-20-628 (2012) referring to 'nabuurschapsbeleid, stabiliteit en mensenrechten en een gedifferentieerde benadering waarbij hulp ten goed komt aan de armste mensen in de armste landen'. Moreover, the more the Netherlands would spend through the EU, the less would be available for Dutch national priorities. See also KST 21501-20-55 (2011) and KST 21501-20-628 (2012).

[37] See for example Council (2002a), (2003a), (2003c), (2004e), (2007a), (2007g), (2008d), (2008e), (2008k), (2008f), (2009p), and (2010f).

By December 2012, the proposed size of the 11th EDF was EUR 26.9 billion compared to the EUR 30.3 billion proposed in May that year, i.e. close to a zero-growth scenario (Mayer and Sherriff (2012)).

The EDF budget and its structure

The EDF budget comprises the following elements:

- A **national budget**, that provides grants to the ACP countries on the basis of country strategy papers and national indicative programmes for each ACP country. Since the 10th EDF, the resources allocated for the national programmes consist of a programmable part ('A envelope') to cover macroeconomic support, sectoral policies, programmes and projects to support the focal or non-focal areas of assistance[38] plus (ii) an unallocated part ('B envelope') to meet unforeseen needs.
- A **regional budget** for regional programmes that are developed by the Commission in consultation with a range of regional institutions that cover various groupings of ACP countries. Similar to the national programmes, they consist of a regional strategy paper and a regional indicative programme.
- An **intra-ACP budget**, providing grants, that is co-managed by the Commission and the ACP Secretariat. It finances thematic actions (e.g. in health, education and peace and conflict resolution) that are common to all or a number of ACP countries and contributions to multilateral (trust) funds. Intra-ACP cooperation is both geographical and supra-regional.
- An **Investment Facility** that is managed by the European Investment Bank (EIB). The Facility became effective in 2003 and provides loans for amongst other private sector investments in the ACP countries.
- A budget for overseas countries and territories and a budget to pay for the Commission's administrative costs.

38 The A Envelope consists of (i) an initial allocation (representing some 50% of the amount), which takes the previous EDF as a starting point and is calculated on the basis of a quantitative, statistical model incorporating the needs and performance criteria referred to above and (ii) a possible additional incentive tranche that is based on more qualitative governance criteria and takes into account governance performance and commitments to governance reform. Democratic governance is defined in broad terms and covers the following aspects: Political/democratic governance; Political governance and rule of law; Control of corruption; Effectiveness of the government (including public finance management); Economic governance (including investment climate and management of natural resources); Internal and external safety; Social governance; International and regional context; Quality of the partnership. The composite 'KKZ governance index', that was developed by the World Bank Institute and provides information on the first six governance areas, is used as a reference point.

Table 1.1 provides an overview of the budgets for the 9th EDF (2003-2007), the 10th EDF (2008-2013) and the budget of EUR 34.3 billion that was originally proposed by the Commission in December 2011 for the 11th EDF (2014-2020). In the meantime, the total budget for the 11th EDF was set at an amount close to EUR 27 billion.[39]

Table 1.1 9th, 10th and proposed 11th EDF by component (in EUR mln)

	9th EDF	10th EDF	11th EDF
National and regional indicative programmes	10,000	17,766	27,658
Intra ACP and inter-regional programmes		2,700	3,960
Investment Facility	2,200	1,500	600
Overseas countries and territories	175	286	343
Administrative expenditure	125	430	1,714
Total	**13,800**	**22,682**	**34,276**

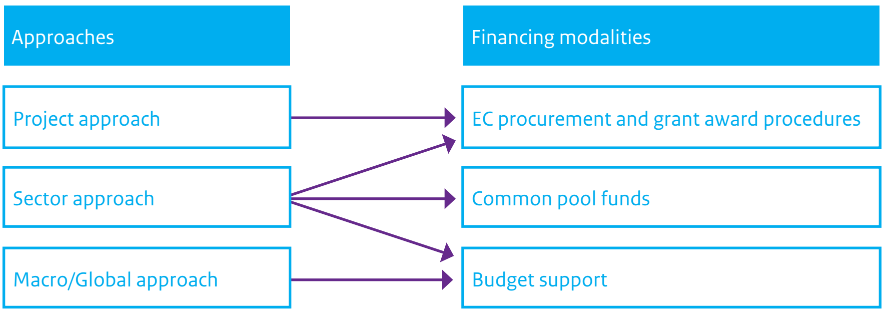
Sources: Internal Agreement (2000), Internal Agreement (2006), and Commission (2011k)

EDF aid modalities and spending

Aid modalities

Within the framework of the Commission's 'Aid Delivery Methods', which also concern the EDF, three approaches are distinguished: the traditional project approach, the sector approach, and the macro or global approach. At the same time three financing modalities are used, i.e. budget support, pool or basket funding and EU procurement and grant award procedures. Figure 1.4 depicts how approaches and financing modalities can be interrelated.

Figure 1.4 *EU aid delivery methods*



Budget support was until 2011, the preferred modality of the Commission wherever the circumstances were right and eligibility criteria mentioned in the Cotonou Agreement were met. A distinction is made between general budget support and sector budget support. General budget support consists of un-earmarked contributions to the government's

[39] European Council (2013). EU/CO 37/13. Conclusions multi-annual financial framework, 8 February 2013.

budget of the recipient country to support the implementation of macroeconomic reforms and is provided in support of a national development or reform policy and strategy. Sector budget support is an earmarked financial contribution to the government's budget in support of a sector programme policy and strategy with the aim – together with the partner government – to address sector-specific concerns instead of overall policies.

A pool fund is a fund that receives contributions from the Commission that are 'pooled' with funding from other external agencies and potentially the Government. It serves to finance a set of budget lines or activities in support of a sector programme (Commission (2007k)).[40] The primary purpose is to reduce the transaction costs to Government, promote coherence in sector planning and budgeting and facilitate government ownership of donor-financed expenditure in the sector.[41]

Procurement and grant award procedures are to be applied where (i) the conditions for budget support are not in place, and (ii) a comparison of the costs and benefits of pool funds versus the project approach favours implementation by EC procedures (Commission (2007k)).

Under the EDF, four main management approaches (referred to as 'management modes' or 'methods of implementation') are distinguished:

Direct centralised	Indirect centralised	Decentralised		Joint management
The Commission is the Contracting Authority and takes decisions for the partner country. In this case, actions to be performed by the Contracting Authority are interpreted as being carried out by the Commission, acting for the beneficiary country	Certain implementation tasks are delegated by Commission to a national body (in most cases, the development agency (or equivalent) of an EU Member State), which thus becomes Contracting Authority. In most cases, the rules and procedures of the national body are used.	Ex-ante: decisions on procurement and award of contracts are taken by the partner country, which acts as Contracting Authority, and referred for approval to the Commission.	Ex-post: decisions foreseen are taken by the partner country, which acts as Contracting Authority without prior reference to the Commission (though with exceptions).	Certain implementation tasks are delegated by the Commission to an international organisation, which thus becomes Contracting Authority. In most cases, the rules and procedures of the international organisation are used.

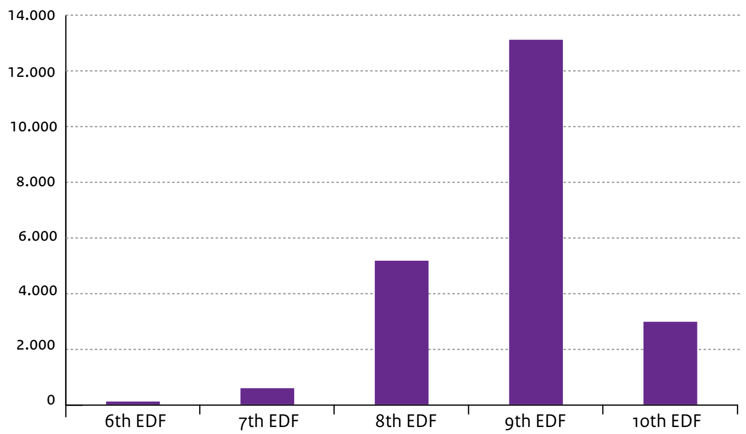
40 The Financial Regulation of the 9th EDF gives three options for the management of pool funds, i.e. decentralised management, joint management and indirect decentralised management.

41 The Commission stated however in 2007 that 'experience shows that pooled funding arrangements often have high transaction costs and some of the same disadvantages as projects in terms of by-passing and undermining government systems… (When) the criteria for (budget support) are not met, project support that follows Programme Based Approach principles as far as possible may be a better option than pooled funding. (…), if there appears to be a good prospect over the medium term to move to budget support' (Commission (2007k)).

EDF spending

During the period 2000-2011, spending under the EDF was not limited to what was available under the 9th and 10th EDF. This is because earlier EDFs were not yet closed and payments continued to be made from these Funds: the 6th EDF was closed on 31 July 2006 and the 7th EDF on 31 August 2008 (see Figure 1.5).

Figure 1.5 *EDF disursement by EDF, 2003-2010 (in EUR mln)*



Moreover, for the 9th EDF, the Commission decided in 2000 to transfer all unspent balances from EDFs prior to the date of entry into force of the Cotonou Agreement and all amounts de-committed at those dates for on-going projects under those EDFs to the 9th EDF (Commission (2004h)). Transfers to the 9th EDF eventually amounted to EUR 490 million from the 6th EDF, EUR 862 million from the 7th and EUR 2.5 billion from the 8th EDF, resulting in a total budget of some EUR 18 billion (compared with an original budget of EUR 13.8 billion). For the 10th EDF, the Council made a similar decision in 2007; in this case the main results were larger budgets for regional and intra ACP programmes.[42]

Excluding the Investment Facility, Table 1.2 captures EDF disbursements for the main categories of expenditure in the period 2000-2011. Expenditures related to STABEX, SYSMIN, and structural adjustment concern commitments entered into under earlier EDFs.

[42] This was in compliance with the sunset clause that was adopted with Council Decision no 2005/446/CE of 2005. A Joint ACP-EU Council Decision confirmed this in May 2005 (Decision No. 1/2007). See also Council (2006i).

Table 1.2 EDF disbursements in the period 2000-2011 (in EUR mln)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
National, regional and intra-ACP programmes	719	753	1,057	1,513	1,945	2,187	2,488	2,647	2,977	2,989	3,153	2,823	25,249
STABEX and SYSMIN	100	401	89	231	34	86	206	121	32	24	47		1,375
Structural adjustment (facility)	147	304	284	174	90	16	1						1,017
Risk capital	153	183	188	227	143	61	63	58	17			19	1,112
Debt relief (including HIPC)	356	350	180	209	100						14		1,209
Emergency aid and aid to refugees	30	38	36	38	29	11		2	2				197
Other	43	39	18	35	122	184	62	90	186	113	106	96	1,093
Total	1,548	2,068	1,853	2,427	2,464	2,544	2,827	2,918	3,214	3,126	3,320	2,942	31,251

Adapted from: Commission (2001e), (2002d), (2003i), (2004o), (2005q), (2006v), (2007s), (2008t), (2009t), (2010aa), (2011ac), and Commission (2012c).

Table 1.3 gives the distribution of EDF related decisions, assigned funds and disbursements until the end of 2011. The considerable share going to Africa is in line with the position of the Netherlands that focus should be on this continent.

Table: 1.3 EDF funding (decisions, assigned funds and disbursements) under the Cotonou Agreement until 2011 (in EUR mln)

	Decisions	%	Assigned funds	%	Disbursements	%
Africa (country)	19,765		15,863		12,347	
Africa region	1,253		972		656	
Total Africa	*21,018*	*70%*	*16,835*	*69%*	*13,000*	*69%*
Caribbean (country)	1,587		1,223		996	
Caribbean region	273		168		140	
Total Caribbean	*1,860*	*6%*	*1,391*	*6%*	*1,136*	*6%*
Pacific (country)	513		414		307	
Pacific region	94		90		52	
Total Pacific	*607*	*2%*	*505*	*2%*	*359*	*2%*
Regional cooperation ACP	3,028		2,921		2,410	
Intra ACP allocations	2,162		1,450		853	
All ACP countries	*169*		*159*		*154*	
Administrative and financial expenditure	892	3%	721	3%	693	4%
Total ACP	29,737	99%	23,981	99%	18,604	99%
Total OCT	382	1%	300	1%	241	1%
Total ACP + OCT	**30,119**		**24,281**		**18,846**	

Adapted from Commission (2012b)

Table 1.4 shows that the EDF has a strong focus on LDCs (receiving 75% of resources) and other low income countries (11%) as defined by OECD/DAC. This is in line with the Netherlands position that also among the ACP countries, aid should focus on this group. The shares of lower and upper middle-income countries were 6% each, with the OCT's share equalling 1% of disbursements. According to ECDPM (2012), LDCs or other low-income countries among the ACP states have received larger shares and increases in country allocations from the 9^{th} to the 10^{th} EDF than higher-income ACP countries.

Table 1.4 EDF country-level disbursements according to country income level (in EUR mln)		
	Amount	**Share**
Least developed countries	16,281	75%
Other low income (per capita GNI < $935 in 2007)	2,331	11%
Lower middle income (per capita GNI $936-$3,705 in 2007)	1,394	6%
Upper middle income (or not classified) (per capita GNI $ 3,706-11,455 in 2007)	1,347	6%
Overseas countries and territories	291	1%
Total	**21,642**	

Country-wise, biggest recipients have been Ethiopia (EUR 1,158 million (4%)), Mozambique (EUR 1,158 million (4%)), Tanzania (EUR 1,052 million (3.6%)), Burkina Faso (EUR 950 million (3.3%)), Zambia (EUR 928 million (3.2%)) and Mali (EUR 923 million (3.2%)), together accounting for over 21% of EDF disbursements. Country statistics, giving the state of affairs by the end of 2011 for the 8th to the 10th EDF are provided in Annex 4 (Table A.4.2). Using the DAC list of 47 fragile states of 2013, under the Cotonou Agreement some EUR 6.7 billion (equivalent to 36% of EDF disbursement) went to 29 ACP countries (including 20 LDCs) classified as fragile.[43]

Combining different sources[44], the following picture emerges on the sector distribution of EDF for the years 2005-2011 (Table 1.5 and Figure 1.6) on commitments per sector (expenditure data are not available for this period (see Annex 4 [Table A.4.3] for more details).

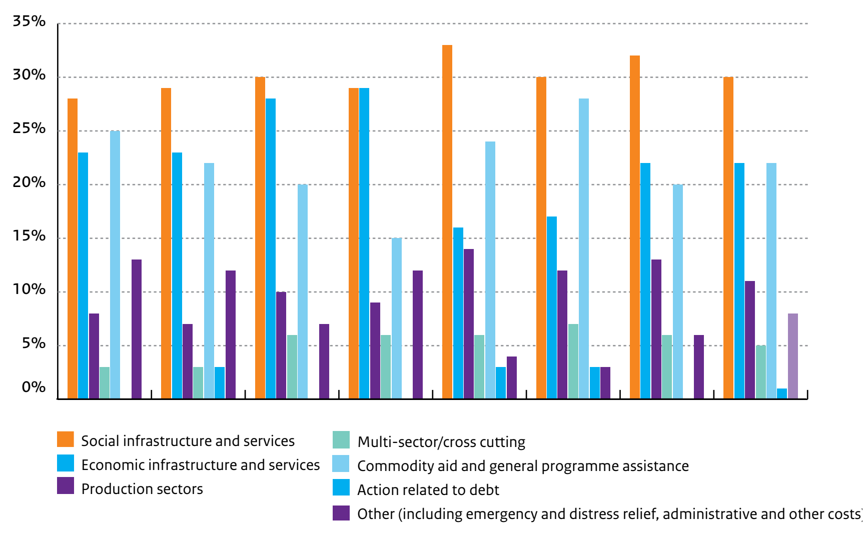
43 The countries concerned are Angola, Burundi, Cameroon, Central African Republic, Chad, Comoros, DRC, Eritrea, Ethiopia, Guinea, Guinea Bissau, Kenya, Liberia, Malawi, Niger, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Togo, Uganda, Zimbabwe, Haiti, Timor Leste, Kiribati, Marshall Islands, Micronesia, and Solomon Islands.

44 Adapted from Commission (2006v), (2006n), (2007s), (2007e), (2008b), (2008t), (2009t), (2010aa), (2011ac) and (2012c).

Table 1.5 EDF commitments per sector in the period 2005-2011 (in EUR mln)

	2005	2006	2007	2008	2009	2010	2011	Total
Social infrastructure and services	711	836	852	911	1,194	1,163	1,074	6,741
Economic infrastructure and services	584	663	799	931	569	673	740	4,959
Production sector	214	194	274	293	524	465	418	2,382
Multi-sector/cross cutting	72	91	156	186	217	286	207	1,215
Commodity aid and general programme assistance	628	635	557	477	878	1,080	672	4,927
Action related to debt	0	80	0	0	110	114	13	317
Other (including emergency and distress relief, administrative and other costs)	336	356	195	389	136	132	207	1,751
Total	**2,545**	**2,855**	**2,833**	**3,187**	**3,628**	**3,913**	**3,331**	**22,292**

Figure 1.6 *EDF commitments, share of main sectors (2005-2011)*



The data indicate the following[45]:

- The share of social infrastructure and services has hovered around one third of all EDF commitments and disbursements. However, most of the resources under this heading served the broad category of Government and civil society (11-12%) followed by water and sanitation (some 6.5%). The shares of other sub-sectors have been modest: education (around 4%), health (5-6%) and population policies and programmes (around 1%).
- About 20% was devoted to economic infrastructure and services, with a major emphasis on transport and storage.
- Another 20% was set aside for what is referred to as 'commodity aid and general programme assistance', with general budget support representing over 70% of commitments.
- The share of the production sectors was limited to around 10-13%, with agriculture taking most of the resources (6-7%) followed by trade related support (around 3%). The European Court of Audits was critical about the fact that in comparison with the 9th EDF food security, agriculture and rural development had been selected as a priority in less countries under the 10th EDF. According to the Court, 'this evolution is inconsistent with the critical situation as regards MDG1, which is among the most off-track MDGs. (…) with countries suffering 'from chronic food insecurity and are off track or late as regards the achievement of MDG1', receiving 'little or no EU development aid in that area' (Court of Auditors (2012)).[46]

1.4 Institutional structure of EU aid

Key players dealing with EU aid in 'Brussels' were until the end of 2009: (i) the Council, (ii) the Commission, (iii) the European Parliament and (iv) the European Court of Auditors. This constellation changed following the Lisbon Treaty as is further explored in chapter 4. These bodies deal with *all* EU aid, including the EDF. However, as will be shown below, for the EDF some additional mechanisms were set up, while the role of the European Parliament is more limited than for the other instruments.

The ***Council***, which is made up of EU Member State Ministers, has different configurations, depending on the topic. It is the EU's most important decision-making body. Together with the European Parliament, it approves European regulations that are normally proposed by

45 Reconciliation of data with other Commission documents is difficult as other sector breakdowns are sometimes used (for example Commission (2005m) and (2011g)).

46 Along the same lines, a European Parliament resolution of January 2010 referred to agriculture as 'a neglected sector in ACP-EU cooperation' and called on the Commission 'to address food security concerns consistently and coherently, to raise the profile of food security in dialogue on national and regional development policies, and to foster regional agricultural market development in developing countries' and urged ACP countries and the Commission 'to focus on agricultural development to ensure food security and requests that agriculture and rural development become matters of priority' (European Parliament (2010)). Similar statements were made in European Parliament (2009c).

the Commission, approves the Budget and concludes international agreements. Over the years, the Council formation dealing with foreign affairs and aid has gone through several changes; since 1 December 2009 there is the Foreign Affairs Council that is chaired by the HRVP, except for commercial issues; in this case the rotating EU Presidency takes over the chair. The Foreign Affairs Council (further referred to as the Council) brings together the EU Member State Ministers responsible for Foreign Affairs, Defence and Development to discuss foreign policy, trade, security, defence and development matters. Several working groups that are made up of civil servants from the Member States support the Council; the most important ones are the ACP Working Group, the Africa Working Group and the Working Group on Development Cooperation. These working groups, similar to other committees, are key forums for cooperation among the Member States and between Member States and the European institutions. A large majority of EU development cooperation policy proposals is discussed and agreed upon at this level.

For Council decisions requiring a qualified majority, votes of the Member States are weighted: out of a total of 345 votes, the Netherlands holds 13. A 'blocking minority' is achieved when 91 votes are against a decision. However, voting rarely happens either in the Council or in its Working Groups (Rood et al (2008)) and there is tendency to decide by consensus.[47] This is also the case with respect to the EDF.

Meetings of the Council are prepared by the COREPER – short for *Comité des Représentants Permanents* – that consists of the 27 permanent representatives with the rank of ambassador of EU Member States in Brussels. According to Rostock (2002), the COREPER should be thought of partly as a coordinator of council business, partly as a fixer and trouble-shooter.

The ***European Parliament***, with its 785 representatives from 27 Member States, ensures a form of democratic control by way of questions and hearings to the Commission and the Council. It has the right to reject the overall budget of the EU and holds the right to co-decision in cases of associations and accession. It is only partly engaged in the Common Foreign and Security Policy. Its work is organised in 20 standing committees, including the Development Committee. The role of the Parliament is different with respect to the EDF. Since it started, the EDF has remained outside the EU budget for external action: its budget is agreed upon by the Member States in an EDF financial protocol, managed by the Commission with oversight of the Member States through the EDF Committee. As a consequence, while the European Parliament has a co-decision role together with the Council on aid funded from the Budget, it does not have this position vis-à-vis the EDF; it is only involved at the budgetary discharge stage and has no say on the allocation of funds.

47 See for example Smith (2004) observing that in EU foreign policy, consensus building 'is the general rule' and that '(in) general, the EU foreign policy system is oriented toward consensus building, problem-solving and the creation of common understandings, interests or reference points, which then form the basis for common positions or joint actions'.

The ***European Commission*** is the EU's executive body. Until the most recent reorganisation of aid management in 2011 (see further chapter 4), the main bodies in charge were the Directorates General for Development and External Relations and EuropeAid. Expert groups, that bring together experts from the Member States in the area concerned (both from within and outside the Government), support the Commission in its policy-making role and provide advice and expertise in specific fields, with decisions taken by the Commission. In the policy implementation phase, Comitology Committees play a role. The EDF Committee is one of those committees[48], even though its statute is specific: it is relatively autonomous and has real decision-making power independent from the Commission. In this Committee, like in the Council, voting is on the basis of qualified majority – though in most cases no voting takes place. Council Regulation (EC) No. 617/2007 of 14 May 2007 determines the rules of the game of the EDF Committee; see Text Box 1.6).

Text Box 1.6 *Responsibilities of the EDF Committee (2007)*

According to the Regulation, the Committee has a role in: '(a) programming of Community aid under the 10th EDF and programming reviews focusing in particular on country, regional and intra-ACP strategies; and (b) monitoring the implementation of Community aid, covering amongst others the impact of assistance on the reduction of poverty, sectoral aspects, cross-cutting issues, the functioning of field-level coordination with Member States and other donors and progress on the aid effectiveness principles..'. The Committee is furthermore expected to exchange views 'on the general conclusions of the annual operational reviews and of the annual report' and to 'examine the consistency and complementarity between Community aid and aid from the Member States and where appropriate other donors'. The Committee can approve a country strategy programme or identify issues that need discussions. Each Member State 'may also call for an exchange of views on the evaluations' and can 'invite the Commission at any moment to provide the EDF Committee with information and to have an exchange of views on issues related' to its tasks. 'Such exchanges of view may lead to the formulation of recommendations by the Member States, which the Commission shall take into account'.

The ***European Court of Auditors*** undertakes an annual audit of Commission revenue and expenditure. It has to provide an assurance on the reliability of the accounts and the legality and regularity of the underlying transactions. This also concerns the EDF. It can furthermore prepare special reports. Every year, the Court of Auditors presents its annual report to the European Parliament, acting as the discharge authority – also for the EDF.

48 Others include the DCI-Committee, ENPI Committee, Committee for Humanitarian Aid, Food Security, and the Committee for Democracy and Human rights.

As mentioned above, a series of specific ‘institutions’ has been set up to implement the Cotonou Agreement that do not exist in the same manner for other Commission aid instruments (though some similar set-up was introduced for ENPI): the ACP-EU Joint Council of Ministers; the ACP-EU Committee of Ambassadors; the ACP-EU Joint Parliamentary Assembly (JPA) and the ACP Secretariat.

The *ACP-EU Joint Council of Ministers* is a decision-making body that is made up of the members of the Council and their homologues from the ACP countries. It meets once a year to review the results of cooperation and ‘shall take such measures as may be necessary for the attainment of the objectives of the Convention’. The Council engages in political dialogue, adopts policy guidelines and takes legally binding decisions concerning the implementation of cooperation agreements between the ACP and the EU.

The *ACP-EU Committee of Ambassadors* comprises the permanent representative of each EU Member State to the EU, a representative of the Commission and the head of mission of each ACP state to the EU in Brussels. The Committee is to assist the ACP-EU Council of Ministers, carry out the tasks entrusted to it by this Council and monitor the implementation of the Cotonou Agreement.

There is also a ***Joint Ministerial Trade Committee*** that discusses trade issues of interest to all-ACP countries and is to monitor the negotiation and implementation of the Economic Partnership Agreements and the ***Development Finance Cooperation Committee*** that is to examine the problems arising from the implementation of the cooperation.

The *ACP-EU Joint Parliamentary Assembly* is composed of an equal number of parliamentarians of the European Parliament and members of the Parliament or designated by the Parliament of each ACP state. The Assembly functions in principle as a consultative body that, according to the 2007 Council Regulation on the 10th EDF, should receive country aid programmes *for information* at the same time as the European Parliament. It meets twice a year in plenary sessions; however its role is limited. The Assembly may adopt resolutions and make recommendations to the Council of Ministers with a view to achieving the objectives of the Cotonou Agreement. The EDF contributes to the funding of the Assembly.

The ACP Secretariat, based in Brussels and partly funded from the EDF, is responsible for the administrative management of the ACP group of countries. It assists the group’s decision-making and advisory organs in carrying out their work. In addition it has an important role in relation to the consultations that take place when the EDF’s Article 96 procedure is invoked (see chapter 7): the Secretariat assists in organizing the consultation phase, prepares the sending of a mission by the ACP country concerned, helps it to prepare for the consultations, organizes meetings of the ACP group in order to discuss the situation and selects the ‘group of friends’.

Summary of main findings

Since the Treaty of Rome establishing the European Economic Community, the Member States have agreed that the Community, now the Union, has a role to play in international relations and development cooperation. Common European values of democracy, respect for human dignity and human rights and the rule of law have become important ingredients if EU policies in these domains. The focus on poverty alleviation goes back to the Treaty of Maastricht.

To implement its development cooperation mandate, the EU has access to a range of instruments. The European Development Fund is the oldest one, going back to 1958, and is, contrary to other aid instruments, financed on the basis of a separate Internal Agreement among the EU Member States and between the Union and the group of ACP countries of which there are currently 79. Incorporation of the EDF into the EU budget ('budgetisation') has been subject of debate for decades but is not going to happen until after 2020 as there has been no unanimity among the Member States on this issue.

The Cotonou Partnership Agreement of 2000, revised in 2005 and 2010 is the agreement in force till 2020. Development cooperation, with a focus on poverty alleviation, trade and politics are the main pillars of this Agreement. The political agenda has become increasingly important over the years as is also clear from its clauses on peace building and conflict resolution, trafficking of human beings and anti-terrorism. This has reflected Dutch priorities.

The Dutch contribution to the EDF has been some EUR 720 million for the 9th EDF (5.2% of the EDF budget) and EUR 1.1 billion (4.9%) for the 10th EDF, which is not too different from its share of the regular EU budget. In 2008, its contribution to the EDF plus its contribution to development aid through the EU budget represented some 8% of Dutch ODA. In 2011 this was around 11%. While the Netherlands did not disagree vehemently on this share, it did raise objections against the size of the EDF. It has done so in 1999 and in recent times, when it objected to the proposed size of the 11th EDF and Commission proposals to increase the regular budget for external relations. A key point in its recent position was that increased funding at EU level was too much becoming an excuse for other Member States to not to comply with the commitment made since 2002 to raise bilateral ODA spending to 0.7% of their GNI. It argued that if all Member States kept to this norm, the Union as a whole would have significantly more to spend and there was no need to channel more money through the EU budget.

The EDF budget comprises five main categories: national, regional, intra-regional and intra-ACP programmes, the Investment Facility managed by the European Investment Bank, and budgets for overseas countries and territories and to cover the Commission's support expenditures. In addition, on the basis of earlier agreements, funding has been used for debt relief, structural adjustment and STABEX and SYSMIN, two schemes set up under the Lomé conventions to help ACP countries stabilize export receipts for agricultural and mining products. To implement these programmes, various aid delivery methods from projects to general budget support, and approaches are used. These are managed through four different methods of implementation, i.e. centralised, decentralised and joint management.

Between 2000 and 2011, total EDF disbursements equalled some EUR 31.3 billion; this includes resources that were left from earlier EDFs. While in agreement with the position of the Member States, overall EU ODA has seen a global spread, the EDF has seen a strong focus on LDCs and other low-income countries (86%), *especially in Africa. Over a third has gone to fragile states. Between 2005 and 2011, about a third was spent on social infrastructure and services, 20% on economic infrastructure and services and another 20% on commodity aid and general programme assistance, including general budget support. The share of production sectors was no more than 10-13%.*

Management and implementation of EU aid is entrusted to the European Commission with political control maintained by the Member States through the Council and, in the case of the EDF, though the EDF committee. There are furthermore several, Cotonou specific 'institutions', i.e. the ACP-EU Joint Council of Ministers; the ACP-EU Committee of Ambassadors; the ACP-EU Joint Parliamentary Assembly and the ACP Secretariat. Historically, the European Parliament does not have a co-decision role together with the Council on aid funded from the EDF; it is only involved at the budgetary discharge stage and has no say on the allocation of funds.

2

Dutch perspectives and priorities on EU aid

Introduction

Since 1957, the Netherlands has been signatory to all the European treaties that stipulate that a united Europe has a role to play in foreign relations, including development cooperation. It also signed the various international agreements that were concluded with the ACP countries during the last fifty years and the internal Agreement among the EU Member States that provide the basis for the EDF and make its contributions to the Fund a legal obligation. This chapter addresses the following main questions: (i) what has been the Dutch perspective on the role of the Union in development aid and what role should it play vis-à-vis Dutch bilateral aid? (ii) what have been the main priorities of the Netherlands on what EU aid should look like and where it should be provided? and (iii) how has the Netherlands organised itself to influence EU policy-making in Brussels?

2.1 Dutch interests in EU foreign relations and development cooperation

The importance of foreign relations and aid at EU level

Going back to the 1980s, Dutch politics have linked the Netherlands' own interests to the development of the European Union. They stressed that an integrated EU foreign policy would not only benefit the EU, and henceforth the Netherlands, but 'also' developing countries. As an 'open and internationally oriented economy', the Netherlands has an interest in creating and maintaining an '*international level playing field*' – an international order that is based on law and regulation. As is evident from the various Government coalition agreements of the period 2000-2010, given the combined 'weight' of the EU when talking *una voce*, exceeding the Netherlands' own '*bantamweight*' when acting solo, the EU was an important vehicle for ensuring such a playing field. The Netherlands needed a strong EU external policy, to defend its (economic) interests and values, for advancing economic development and political aspects and for dealing with the emerging role of upcoming economic powers in Africa. To allow it to continue to play its role in external relations, the Union needed to be sufficiently strong and active – which, in turn, would require an active role of the Netherlands at EU level – and needed to be endowed with the necessary financial and human resources.

Dutch interests have also featured in the Netherlands position on development cooperation in general and EU aid in particular. Starting with the 1956 '*Nota inzake de hulpverlening aan minder ontwikkelde gebieden*', also more recent documents have argued that development cooperation has a role in establishing the above-mentioned playing field. This also applies to development aid through the Union which not only serves the needs of developing countries, but also the economic and other interests of the EU including those of the Netherlands. The need for such a strong foreign policy was reinforced over the years by global developments that affected Dutch interests. Again the volume of EU aid would allow the Netherlands to give a stronger response to major global challenges – from poverty, security and terrorism, fragile states, climate change, open and fair trade, migration and combating border-crossing infectious diseases to the international financial crisis. Its impact would be bigger than that of the smaller programmes of the Member States.[49]

At the same time, in line with the Maastricht Treaty, the Netherlands position was that development cooperation could not be entirely transferred to the European level; there remained a need for a national policy that was close to its citizens and that could be directly linked to its own foreign and security policy.

Dutch expectations with respect to EU aid

Accepting the EU role in aid, the following paragraphs describe the Netherlands expectations as regards this role.

The debate on the specific features of EC aid and where it distinguishes, or ought to do so, from Dutch bilateral aid, is not particularly recent with the minister for Development Cooperation observing in 1984: *'The Member States experience EC assistance in two ways: first, as a separate donor with specific characteristics and secondly as a common reference point for the pooling of their aid policies'*. Since the Maastricht Treaty, which states that both the Commission and the individual EU Member States are competent to deal with aid, the issue of complementarity or 'added value' has dominated the debate – both in the Netherlands and at EU level. In the Netherlands, successive ministers and state secretaries for development cooperation have argued that the 'subsidiarity' principle is leading for the Netherlands – what can better be handled by the Member States should not be determined by Brussels. However, clear definitions of complementarity or added value were never given and what it meant, the EU not to act as the 'nth' European donor, was never fully made clear.[50] At the same time, the Netherlands felt that EU aid should focus on[51]:

- Areas in which, in comparison with the individual Member States, EU aid had 'comparative advantages', 'added value', could realise 'economies of scale' and had a sufficiently sizeable bag of money to be able to make a difference.[52]
- Areas in which the EU had the necessary expertise and was supposed to be good.
- Areas for which the Netherlands had no or little funding or areas that were also a Dutch priority.

49 See for example KST80600 (2004), KST 21501-04-117 (2010), KST 21501-04-120 (2010), KST 3300-V-2 (2011) and KST 22112-1313 (2011).

50 According to Holland (2002), this does not concern the Netherlands only:'(historically) what has been lacking is any coherent and accepted yardstick that can determine what aspects of development cooperation are better done bilaterally by Member States and what are better done collectively at the Union level.

51 See for example KST 46026 (2000), KST 54810 (2001), KST 80600 (2004), Ministry of Foreign Affairs (2009), Samenwerken aan Mondiale Uitdagingen. Nederland en Multilaterale Ontwikkelingssamenwerking, KST 21501-05-116 (2010), KST 32502-1 (2010), KST 21501-04-117 (2010) and KST 32500-V-15 (2011).

52 This also applied for budget support: providing budget support through the EU would create more leverage than when this was done by the Netherlands together with many others (KST 33240-V-10 (2012)).

- Countries where the Netherlands had strategic interests but no bilateral programme and, since the EU has access to a broad spectrum of policy instruments, fragile states. With the Commission as a global actor and the Netherlands making choices in terms of the number of bilateral partner countries and the sectors in which it worked, EU aid was seen as an 'addition' to bilateral aid.[53]

Moreover, since it had more (political) leverage and was politically more neutral – certainly in comparison with (some of) the individual Member states – the Commission had comparative advantages in addressing issues of good governance, judicial reform and human rights.[54] Given its competencies in the areas of trade, agriculture, etc., the Commission also had a key role to play in dealing with the policy coherence dossier[55] and for ensuring for alignment and cooperation with other donors, including the UN and the World Bank.

Using these arguments, comparing successive Dutch Governments on the desired focus of EU aid gives the following picture (Table 2.1). It shows a certain consistency as regards the areas of infrastructure development, rural development, and food security. For the other areas, the priorities reflect the specific concerns of the respective Governments. At the same time, the Netherlands' position has been since the late 1990s that the EU should concentrate on less sectors and themes.[56]

53 See for example KST 21501-04-119 (2010), KST 32500-V-15 (2010), KST 21501-04-124 (2011), KST 22112-1313 (2011) and KST 3300-V-2 (2012). Similar arguments on the global presence of the EU can be found in e.g. the joint Council and Commission Statement on EU development policy of 2000, the European Consensus on Development (2005) and Commission documents, such as Commission (2011g), (2011l) and (2011k), referring to aid delivery in 'in some of the world's most remote areas, where most of the Member States have no strategic interest and their presence is limited'.

54 See e.g. KST 21501-02-117 (2012) as well as WRR (2010) and OECD (2012). The 'political clout' argument has also been used in for example European Parliament (2000a), European Parliament (2001a), Lehtinen (2003)), the UK House of Lords (2004) and Commission (2011k).

55 KST 119381 (2008) and KST 22112-1313 (2011). This policy coherence argument returns in the Development Policy Statement of 2000 and the European Consensus of 2005.

56 There was a certain cynicism with every new chair wanting to express his/her own hobby for national policy reasons by introducing another new theme, though in the end, the Netherlands did the same, insisting that the Commission should focus on areas that were also priorities in Dutch bilateral aid. Along the same lines, Mürle (2007) concluded with respect to the European Consensus that 'there is a potential tension between the request for complementarity of the Commission's activities (comparative advantage) and its mandate to cover all activities'.

Table 2.1 Preferred sector focus of EU aid according to successive Dutch ministers and state secretaries for development cooperation

	1998-2002	2002-2007	2007-2010	2010 – 2012
Integration of developing countries into the world economy and trade	■	■		■
Regional integration of developing countries	■	■		
Macro-economic support (social sectors)	■	■		■
Infrastructure development	■	■	■	■
Rural development and food security	■	■	■	■
Institutional development	■	■	■	
Good governance, judicial reform and human rights	■			■
Conflict prevention and fragile states		■		■
Humanitarian aid				■
Productive sectors				■
Energy			■	■

The following paragraphs examine the main Dutch priorities as to where and how EU aid in general and the EDF in particular should be implemented.

2.2 Dutch priorities

Poverty and Africa focus

EU aid should focus on sustainable poverty alleviation and make a contribution to realise the MDGs. Particular attention was to be paid to the least developed countries. In line with Dutch bilateral aid since 2003, Africa ought to be high on the European agenda as well. This focus implied that the Commission was to deal also with the issues of peace and conflict as well as conflict prevention in the region, reflecting the increased integration of foreign policy, governance and security concerns and development aid on the Dutch side[57]. Africa also featured predominantly in the coherence debate in the Netherlands and the role of the Union in this respect; 'strategic relations with Africa' were also essential for effective border control and a proper migration policy.

Political aspects of development cooperation

To the Netherlands, the key political elements of the Cotonou Agreement, namely political dialogue, mutual obligations, respect for core values such as human rights and good governance, and participation of actors other than central governments, have always been important.

[57] See in this respect KST 61941 (2002), KST 77487_2 (2004) and KST 99333_2 (2006).

Aid quality and management

The Netherlands has attached high importance to the 'quality' of EU aid. This was a broad concept that did not only concern the issues of aid results and impact (and reporting thereon), but also the way in which the Commission managed its aid flows. While the tone has become more positive in recent times on the Government side (though not in the Dutch Parliament), the Netherlands was critical during the early years of the evaluation period. Reflecting the findings of amongst others OECD and the European Court of Auditors, the Dutch minister for Development Cooperation echoed serious reservations in her policy note '*Kwaliteit van de Europese hulp*' of 1999. Improving aid management was a necessary condition for ensuring improved aid effectiveness and impact.

Main issues that needed attention were[58]: (a) the proliferation of *ad hoc* budget lines, regulations and of small *ad hoc* projects; (b) the fragmentation and centralisation of aid management, with little move towards decentralisation despite a relatively strong field presence; (c) extensive and time- consuming administrative and financial control systems that were in place; (d) persistent quantitative and qualitative staff shortages – with the Member States, as '*partners in crime*', loading more tasks and responsibilities on the Commission's shoulders, however without providing a policy framework and with sufficient means for increasing its staff. The sluggishness of the system, coupled with a lack of staff, also translated into increasing amounts of uncommitted and undisbursed funds; and (e) the lack of independence of the Commission's aid evaluation services.

Budget support

In the late 1990s and early years of the new Millennium, Dutch views were that the Commission, like the Netherlands and other major donors, ought to move away from projects and focus on sector support and, what was then referred to as macro-economic support. Such an approach was considered particularly relevant for the education and health sectors.[59] In 2003, budget support was seen as an effective instrument provided that two main conditions were met[60]: (a) it was to be linked with the PRSP process which should be geared towards the MDGs; and (b) it should be linked to an effective dialogue on issues such as good governance and poverty reduction. According to the Netherlands, the

58 See KST 41492 (1999), KST 48720 (2000), KST 54810 (2001), KST 54784 (2001) and KST 61941 (2002). On the importance attached to the instrument of budget support in the Netherlands see also Fischer et al (2008).

59 See KST 41492 (1999), KST 48720 (2000), KST 54810 (2001), KST 54784 (2001) and KST 61941 (2002). On the importance attached to the instrument of budget support in the Netherlands see also Fischer et al (2008).

60 Ministerie van Buitenlandse Zaken, Aan Elkaar Verplicht (2003). Advantages were particularly seen in terms of: (i) harmonisation of donor policies, (ii) alignment with recipient countries' systems and institutions and supporting the implementation of national poverty reduction strategies,(iii) increased local ownership of development programmes, (iv) expansion of service delivery, (v) improved transparency and accountability in public financial management and increased aid predictability. At the same time it was recognized that the instrument entailed fiduciary risks – because of insufficient public financial management capacity – and the risk of further strengthening the position of central Government vis-à-vis other players and decentralized authorities in partner countries.

Commission should focus more on budget support to countries that had the right policy and governance structures, as was also stipulated in the Cotonou Agreement (KST 88428-2 (2005)). Disbursement of aid was to be based upon concrete results in institutional and policy reform.

Also Koenders, who became minister for Development Cooperation in 2007, saw the relevance of the budget support instrument and its potential usefulness.[61] His interaction with the Dutch Parliament shows that he became increasingly critical on the way in which not only the Netherlands but also the Commission handled budget support. This change in position appears fuelled by mounting critique in the Parliament and Dutch media, experiences in Nicaragua as well as Rwanda, and the fact that the Dutch position that in those countries no general budget support ought to be provided had been overruled in Brussels. The Dutch stand was also triggered by the Commission's announcement that, in line with what had been agreed upon at Council level, it wanted to further increase the use of general budget support to some 50% of the country programmes under the 10th EDF. In comparison with the 3.8% of Dutch bilateral aid spent on general budget support (GBS) this was considered too much.[62] According the Netherlands[63] general budget support was not a *blank check*, certainly not for countries where the quality of governance and/or public financial management was doubtful. It could be used under specific circumstances, had to be well justified in the political context and considering the funding needs of the country concerned, and should be part of an 'intelligent modality mix'. A meaningful political dialogue was important and partner countries ought to have their policy and governance in order, also with respect to human rights. If this was not the case, the Commission needed to address these issues in the political dialogue, using the EU's weight, and, if these failed, freeze aid entitlements.

According to the Netherlands, the opportunities under the Cotonou Agreement for a joint political dialogue ought to be used better and more systematically. Political elements ought to be integrated into the dialogue as had happened in the case of Madagascar and Niger, where the Commission's decision to stop budget support was related to the fundamentals of their political system.[64] Further expansion of the use of the instrument ought to go hand-in-hand with strengthening of the political dialogue and more concerted action of Commission and Member States[65], though it was acknowledged that every Member State as well as the Commission retained the right to decide whether to continue or stop budget support. The Netherlands also suggested exploring possibilities of a gradual response in

61 See KST 123199 (2008), KST 122600 (2008), KST 128243 (2009), KST 134337 (2009) and KST 138705 (2009).
62 KST 122600 (2008), KST 134030 (2009), KST 128243 (2009), KST 133735 (2009) and KST 128498 (2009).
63 KST 119634 (2008), KST 122600 (2008), KST 128243 (2009), KST 132846 (2009) and KST 134337 (2009).
64 KST 123199 (2008), KST 138705 (2009) and KST 133735 (2009).
65 KST 127866 (2009), KST 132846 (2009), KST 138705 (2009) and KST 13375 (2009). More cooperation was needed to (i) find agreement between Commission and Member States on circumstances in which budget support was appropriate and (ii) to be able to have a policy dialogue with the recipient countries which is as influential as possible, Europe having more possibilities to influence recipient government policies when acting 'in Union'.

case things 'went wrong', as there were few policy options between the political dialogue under Article 8 and the appropriate measures under Article 96.[66]

Since it felt that a discussion on the *overall* policy on budget support was called for, the Netherlands took the initiative to (i) put general budget support prominently on the Foreign Affairs Council agenda[67] and (ii) to prepare a non-paper on budget support for the debate at Council level: Strengthening policy dialogue in EU/Commission Aid Relations with Developing Countries. This non-paper, while recognising the advantages of budget support (see above), emphasized the risks and challenges that surrounded it, also in the political debates back home, and the need to move the debate forward to find a common ground to address them. The Netherlands wanted that it would become more clear when budget support could and could not be provided and how the dialogue was to be shaped. The paper was discussed in January 2009. It triggered an elaborate reaction from the Commission, which recognized the political sensitivity of budget support and indicated its preparedness to intensify the Article 8 dialogue. In response to the Commission's reaction, the Netherlands circulated an issues paper (Budget Support Policy Dialogue and the EU political dialogue: Towards a coordinated EU approach (see Text Box 2.1)) and a non-paper to clarify the institutional aspects and the legal arguments put forward by the Commission.

66 Moreover, the Article 8 dialogue was often with others than the dialogue on budget support; to the Netherlands this should not be the case (see e.g. KST 115130 (2008) and KST 137219 (2009)). In KST 121685 (2008) it was argued that budget support provided an entrance for a more critical dialogue on political subjects such as social exclusion, human rights and governance. At the same time, it was realised that the relationship between the Article 8 dialogue and the dialogue related

67 Moreover, the Article 8 dialogue was often with others than the dialogue on budget support; to the Netherlands this should not be the case (see e.g. KST 115130 (2008) and KST 137219 (2009)). In KST 121685 (2008) it was argued that budget support provided an entrance for a more critical dialogue on political subjects such as social exclusion, human rights and governance. At the same time, it was realised that the relationship between the Article 8 dialogue and the dialogue related to budget support remained a challenge (KST 133735 (2009)).

Text Box 2.1 *The Netherlands issues paper on GBS*

The paper stressed that the existing challenges regarding budget support should be addressed, called for a common understanding on EU budget support and advocated that EU Member States and the Commission should follow the same approach in the handling of sensitive decisions. It highlighted the following main issues:

- full exploitation of the in-country policy dialogue
- use of the 'underlying principles' as starting point for an in-depth debate on the broader policies of the partner country
- define the relationship between budget support and Article 8 dialogues
- harmonise sensitive Commission/EU decisions, 'in particular when they are taken in response to political developments and irregularities that could cast doubt on whether budget support, or its continuation, is appropriate in a specific country'
- document results and impact on the populations of the recipient countries, as well as its importance for governance; and
- regularly discuss progress, results and impact of EU aid – and budget support in particular.

Towards a coordinated EU approach (see Text Box 2.1)) and a non-paper to clarify the institutional aspects and the legal arguments put forward by the Commission.[68]

The coalition agreement of the Rutte I Government of October 2010 stated that 'budget support is not given in case of corruption, violation of human rights and insufficient good governance'[69] and implied a revision of the Netherlands budget support policy.[70] The policy note on the future of Dutch aid of the same year echoed this general statement by confirming that general budget support was not to be applied when the circumstances in terms of corruption, human rights and good governance did not permit it.[71] Its use was to be 'drastically reduced' though sector budget support could remain one of the aid

68 Ministry of Foreign Affairs (2010). The paper motivated that there was no provision in the Cotonou agreement precluding the EU to adhere to memorandums of understanding on budget support containing underlying principles related to the elements enumerated in article 9 of the Cotonou Agreement, nor did this Agreement limit the possibilities for the EU to take part in a policy dialogue on budget support also pertaining those elements. Moreover, 'Article 61 (2) does not contain an exhaustive set of conditions for budget support, whereas Article 61 (5) in interplay with Article 9 (1) clearly mandates the Commission to take Article 9 (which concerns essential elements and fundamental element (IOB)) into account when deciding on/implementing budget support'.

69 See also KST 21501-05-116 (2010), KST 21501-04-117 (2010) and KST 21501-04-132 (2011). This position is not too different from the one of 2009, according to which 'an intensive dialogue on the implementation of the agreements between donors and recipient country, also on horizontal issues like good governance, corruption and human rights, remains intrinsically linked with the instrument of budget support' (KST 138156 (2009)).

70 This makes the Netherlands one of the donors referred to by Schiltz and Bichler (2009): 'A good many of those who liked playing a more progressive role (on budget support, IOB) have become more prudent; some, it would seem, even regret having done so '.

71 KST 32500-V-15 (2010) and KST 33000-V-2 (2011).

modalities in country-specific cases provided it focused on one of the Dutch priority themes. The Government's reaction to for example the Commission's green paper on EU budget support, recapitulated its main views – these are further explored in the following chapter when discussing the evolution of EU policies on budget support.[72] It is finally worth recalling that in December 2012, Dutch Parliament adopted a motion (*Motie Mulder*) asking the Government to discontinue the use of general budget support. It also 'verzoekt de regering zich ook internationaal in te zetten voor verdere beperking van inzet van dit instrument'.[73]

Policy coherence for development

Throughout the evaluation period, the Netherlands position has been that the Commission should pay more attention to policy coherence for development (PCD).[74] This interest for PCD goes back to the policy note '*Ontwikkelingssamenwerking in wereldeconomisch perspectief*' (1979) of former minister for Development Cooperation De Koning. It has come back in a range of documents, with two areas historically getting most of the attention: trade and agriculture (see Text Box 2.2).[75] The Dutch coherence agenda has broadened over time to cover topics like environment as well as migration, employment, energy and peace and security.[76]

[72] Despite its objections to budget support, the Netherlands approved of the V-FLEX instrument that was introduced in November 2008 to help ACP countries address the negative consequences of soaring food prices and provides primarily budget support to eligible countries (see Annex 8 for more details). It also welcomed the proposal to incorporate such shock-absorbing mechanisms under the 11th EDF (KST 22112-1313 (2011)).

[73] 33 400 V Vaststelling van de begrotingsstaten van het Ministerie van Buitenlandse Zaken (V) voor het jaar 2013, Nr. 35 Motie van het lid Agnes Mulder, voorgesteld tijdens het Wetgevingsoverleg van 17 december 2012.

[74] According to OECD (2012a) '(policy) coherence means different policy communities working together in ways that result in more powerful tools and products for all concerned. It means looking for synergies and complementarities and filling gaps among different policy areas so as to meet common and shared objectives'.

[75] Views from the Netherlands can be found in inter alia KST 45950_2 (1999), KST 36531 (1999), KST 54794 (2001), KST 61969 (2002), KST 66885 (2003), KST 68269 (2003), KST 77487_2 (2004), KST 77546 (2004), KST 74461 (2004), KST 88437_2 (2005), KST 99760 (2006), KST 108436 B. (2007), KST 119609 B (2008) and KST 115825 (2008).

[76] To deal with PCD, the Ministry of Foreign Affairs set up a separate Policy Coherence Unit in 2002. It became part of the Department for Effectiveness and Quality into Department for Effectiveness and Coherence in 2009. Together with the Department Integration Europe (DIE), it is responsible for influencing coherence matters at EU level. The topic of coherence is furthermore dealt with in the fiches that are prepared for new Commission proposals through the introduction of a separate 'development cooperation assessment' in the procedure established for the preparation of such fiches in 2004.

Text Box 2.2 *The Dutch position on trade and agriculture*

On trade, the position of successive Netherlands governments was that free trade, lowering tariffs, abolishing export restitutions for agricultural products and industrial goods plus a simplification of rules of origin and removing other barriers to access to the EU market would encourage development and poverty reduction in developing countries – apart from benefiting the open Dutch economy. The Netherlands also took this position in international trade negotiations. The liberalisation of world trade should furthermore be sustainable, include cooperation in the area of international corporate social responsibility and the inclusion of non-trade concerns, such as respect for human rights and the environment, in trade regulations. In the context of the negotiations on the Economic Partnership Agreements, the Netherlands also underlined the need for asymmetry in the EU's new trade agreements in terms of the degree of market access, and in the period within which free market access would be realized.

On agriculture, the ministers of Agriculture and Development Cooperation underlined the importance of a common agricultural policy that was coherent with EU development cooperation objectives: Eventually, all national and Community subsidies were to be phased out (KST 61941 (2002)). This required a reform of the common agricultural policy, especially decoupling support measures, such as subsidies or export restitutions, from (the volume of) agricultural production. In December 2002 the minister for Agriculture, the state secretary for Development Cooperation and the state secretaries of Economic and Foreign Affairs presented a joint policy note '*Beleidscoherentie Ontwikkelingssamenwerking Landbouw*' to Parliament. This policy note indicated that the Netherlands would focus on: (i) reform of the common agricultural policy – with specific attention for agricultural commodities that were important for developing countries (such as rice, cotton and sugar); (ii) the phasing out of trade distorting subsidies; (iii) supporting developing countries in meeting European and international (health, etc.) standards and norms and (iv) increase attention for agricultural production in developing countries. The Netherlands saw the 2003 reform of the common agricultural policy as an important step in the direction of a level playing field for producers in the EU and in developing countries. However, further reforms were considered necessary, amongst other by fully decoupling direct income support, as well as increased flexibility concerning market access for developing countries (KST 118293 (2008)). As regards the EU fisheries policies, for many years, the Netherlands has been calling for the inclusion of the interests of fishermen in developing countries in the negotiations on fisheries agreements between the EU and third countries.[77]

[77] A Council document of April 2011 states in this respect: 'The Netherlands recognises the role of EU agriculture on the global markets and believes it is important to closely monitor the impact CAP policy changes may cause in third markets. The Netherlands therefore welcomes the Commission's Impact Assessment on CAP policy changes. The Netherlands invites the Commission to include the impact of the CAP policy changes on farmers in third countries, especially developing countries, in its Impact Assessment' (Council (2011i)).

The importance of PCD has been motivated as follows. First of all, a coherent EU approach in areas such as trade and agricultural policies, environment, the export of weapons, etc. contributes to the realisation of Dutch and European policy goals in development cooperation. All decisions taken at Dutch and European level should consider the possible impact on poverty alleviation and should preferably reinforce each other. The Rutte I Government confirmed that coherence, albeit being complex and intractable, was *the* topic for the future, especially the relation between development cooperation and the protection of global public goods. Secondly, ensuring coherence is important in order to strengthen the position of the EU as a credible international political actor. The EU is *the* actor that, by setting standards and rules at European level, can make substantial progress in the field of coherence, something that is outside the span of control of the Netherlands as an individual member state.

From the 1990s onwards, the Netherlands has put the issue of coherence on the EU aid agenda. In 2000, it went as far as stating that coherence was the 'raison d'être' for the Development Council, which ought to create more support for the interests of developing countries in other EU councils (KST 60010 (2000)). Its suggestion in 2001 to list coherence as a fixed item on the agenda of the Development Council was agreed upon.[78] Supported by Denmark, the Netherlands furthermore called in 1999 and 2000 for an institutional mechanism at Union level, 'aiming at the prevention of incoherence', for more detailed reporting on coherence issues by the Commission and for establishing a coherence unit within the Directorate General for Development (DGDEV).[79] The Netherlands was also the driving force behind the informal EU Policy Coherence for Development Network that was set up in November 2003 (based on ideas already existing in 2001) to exchange information on coherence dossiers among the Member States and DGDEV.[80]

Cooperation at Union level

Enhancing cooperation between Commission and EU Member States has been high on the Dutch agenda. The Netherlands has also stressed many times that the EU as whole ought to

[78] Engel et al (2009) confirmed that having PCD as a standard topic on the agenda of the Council can indeed be attributed to the efforts of the Netherlands.

[79] The unit was established and continues to exist as part of DEVCO. It has two staff members working on PCD, resulting, according to OECD, in a 'very narrow focus' of working on PCD' (OECD (2012)). To date, this unit has produced three reports on PCD in 2007, 2009 and 2011. At Commission level there is also an inter-service group on PCD since 2006. The group establishes an informal working plan, listing all EU policy initiatives and legal proposals with a potential impact on developing countries. Moreover, since 2003, each DG is to conduct a study of the potential economic, environmental and social impact of each new Commission initiative. This study is then brought to the Impact Assessment Board that was introduced in 2007, which may approve or sanction an initiative. In the latter case, the initiative must be revised. Since revision of the impact assessment guidelines in 2009, the impact assessment must include an external dimension. However, according to OECD (2012), the Commission 'does not yet make full use of the mechanisms available': both the number of cases observed and the depth of the assessments made are limited.

[80] See e.g. KST 53820 (2001), KST 66885 (2003) and KST 95900 (2006). Members of the Network in 2004 included: Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Ireland, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain and the UK. The network still exists though not all members are equally active.

live up to its agreements and statements made since preparing for the Monterrey conference in 2002.[81] While recognising the pivotal role of the partner countries[82], the Netherlands considered that closer cooperation at country level was one of the three basic principles that were to guide the EU's external policy. It was one of the conditions for increasing EU aid effectiveness and for making more efficient use of EU aid funds. To realise this, decisions had to be made in the European capitals, otherwise it would remain an illusion. The Dutch favoured stepping up aid coordination and division of labour at EU level, also with respect to the EDF. Since it tallied well with its own policy, the Netherlands therefore indicated in 2007 that it was prepared to cooperate on the implementation of the EU Code of Conduct.

At the same time, the Netherlands stressed the need for collaboration also outside the EU framework, i.e. with other key players like the Bretton Woods institutions and United Nations organisations – as part of its emphasis on *effective multilateralism*[83] (see Text Box 2.3 and Annex 11 on the CD-ROM for more details) – and with a key bilateral donor such as Norway. Like Denmark, Sweden and UK, its position was that harmonisation and coordination within the Union needed to be aligned with existing initiatives rather than adding an additional bureaucratic layer.

At EU level, stepping up relationships with the UN has been on the agenda since 2001. This reflects a desire on the part of the EU to 'rescue' a cash-stricken UN, but would also allow the EU to play a strong role in terms of policy dialogue and promoting EU policies (Commission (2009n)). The UN is, amongst others, seen as key partner in and important source of legitimacy for EU efforts for maintaining international peace and security. This European commitment to effective multilateralism is also a core element of the EU's external action as confirmed in Article 21 of the Lisbon Treaty. Two Commission communications that aimed to step up EU-UN cooperation were issued in the early years of the new Millennium, i.e. 'Building an effective partnership with the United Nations in the fields of Development and Humanitarian Affairs' (May 2001) and 'The European Union and the United Nations: The choice of multilateralism' (September 2003) (see further Annex 11). The Council and the Netherlands welcomed both, one reason for the latter being that finally another donor had agreed to burden sharing in funding of the UN. To create a better enabling environment for the EU to finance UN operations, a new EU-UN Financial and Administrative Framework Agreement (FAFA) was signed in April 2003. Similar agreements were signed with several UN specialized agencies from July 2003 onwards. In addition,

81 See for example KST 55526 (2001), KST 108425B (2007) and KST 132821B (2009).

82 See e.g. KST 47517 (2000), KST 54810 (2001) and KST 70902 (2003). According to the Netherlands, views broadly divided the Netherlands and the Nordic+ countries on the one side, which favoured coordination in a broader spectrum, involving like-minded donors from North and considering that EU should not be the starting point for harmonisation, and the Commission, France and Germany on the other side, opting for a separate trajectory of EU coordination.

83 See also KST 29234 (2003) and KST 99760 (2006). In 2004 it was stated as follows: 'Alleen slagvaardige en geloofwaardige internationale instellingen en organisaties kunnen voorkomen dat de internationale betrekkingen verworden tot een *«Hobbesiaanse jungle» waarin het recht van de sterkste geldt. Dat is niet in het belang van Nederland, noch in dat van Europa of de wereld. Nederland streeft daarom naar sterke collectieve instellingen, waarin alle landen elkaar op hun verantwoordelijkheden kunnen aanspreken'*(KST 77487_2 (2004)).

legally non-binding strategic partnerships were agreed in 2004-2005 with a number of selected UN bodies such as UNDP and FAO. Furthermore, an EU-UN Working Group was set up that meets bi-annually to discuss amongst others operational matters.

As regard EU relations with the World Bank, the Commission's aid delivery through the World Bank underwent significant change with the signing of the Trust Funds and co-financing framework Agreement in November 2001. This Agreement was revised in March 2003. A new Trust Funds and Co-financing Framework Agreement was signed in March 2009 with an initial term of 10 years. Among other things, the framework agreement defines the various types of eligible trust funds and sets out common principles and rules applicable to all of them. It also stipulates that for each trust fund to which the Commission contributes, an administration agreement is to be signed. Within the framework of the agreement, annual meetings are held between the Commission and the World Bank. This annual, formal dialogue, known as the '*Limelette Agreement*', was put in place in 2003 (OECD (2007)).

Text Box 2.3 *Effective multilateralism*

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2.3 Organisational matters

The final section of this chapter briefly describes how the Netherlands organised itself to handle the EU aid dossier in Brussels.

In the Ministry of Foreign Affairs in The Hague, the Department Integration Europe ('*Directie Integratie Europa*' (DIE)) has a pivotal role in ensuring that coherent Dutch positions are presented in the different EU bodies.[84] Within DIE, DIE/EX *(Extern EU-beleid)*, is responsible for coordination of and Dutch policy making on EU development cooperation matters. The Investment Facility, however, is dealt with by the Ministry of Finance.

Within the Ministry, DIE/EX consults with a range of Departments – in particular the (former) Department Effectiveness and Coherence, regional departments, especially the one responsible for Sub-Saharan Africa and thematic departments and units. *Outside* the Ministry, it coordinates in particular with the Ministries of Economic Affairs, Agriculture and Innovation and of the Interior and Kingdom Relations as well as Justice and Security.

DIE/EX prepares the minister/state secretary for the General Affairs and External Relations Council meetings (since 2009 split up into a General Affairs Council and a Foreign Affairs Council) and the informal Development Council. It plays a central role in the exchanges between Government and Parliament thus allowing Parliament to exercise its controlling functions. DIE/EX supports the minister/state secretary in parliamentary debates on Council

84 For a number of policy areas, since preparation of some topics is not dealt with by COREPER but in special committees, coordination is in the hands of other ministries. This is the case for trade (Trade Policy Committee) and the Special Committee for Agriculture for which the Ministry of Economic Affairs, Agriculture and Innovation is responsible. European Monetary Union matters are dealt with by the Ministry of Finance in the Economic and Financial Affairs Council. Preparations of the Justice and Home Affairs Council are chaired by the Ministry of Justice while the strategic European agenda and coordination of the Council of Europe are in the hands of the Ministry of General Affairs.

meetings and is also charged with the preparation and follow-up of meetings of expert groups, policy networks and the consultations between European departments for development cooperation (the so-called '*EU-DGISsen- overleg*') in which the Ministry's Director General for International Cooperation (DGIS) or his/her deputy participates. DIE/EX is also to ensure a coherent Dutch position in the aid related committees and working groups in Brussels and a DIE/EX staff member participates in the EDF committee.

DIE/EX furthermore has contributed to the design of EU development cooperation policies, e.g. on dossiers like policy coherence for development and budget support. DIE/EX finally plays a key role in providing Parliament with the so-called fiches for '*Beoordeling Nieuwe Commissie voorstellen*' (Assessments of new Commission proposals) or BNC fiches. Since they reflect on new Commission proposals at an early stage, the fiches give a first position of the Dutch Government on these proposals. They are the basis for instructions to the Netherlands permanent representation to the EU in Brussels, where two persons are responsible for aid.

In Brussels, the process of aid policy development and decision-making is characterised by a consensus building approach. Rarely does voting take place. This makes other strategies and instruments for influencing policy making more important (Rood et al (2008)). As has been recognised by successive governments, these are vital for a relatively small country like the Netherlands. The need to deploy other ways and means to get the Dutch message across, either by intervening at the level of policy making or by trying to influence policy implementation[85], has been reinforced by the increasing number of EU Member States since 2004.[86]

Pro-actively forming coalitions, including 'preliminary consultation and informal decision-making' (AIV (2005)) with like-minded Member States has therefore become increasingly important: presenting Dutch priorities jointly with like-minded Member States increases the chances for acceptance. Establishing coalitions has required investing in relations with other Member States through formal and informal meetings and forums, intensified bilateral diplomacy and investing in bilateral relations. Two issues appear in this respect: (i) coalitions are no longer fixed and strongly depend on the issue at stake. Member States, including the Netherlands, are 'like-minded' until they change of opinion, often as a result of changes in national policies (Olsen (2008)) and (ii) though there are groups of states that regularly join forces, 'fixed' coalitions appear to be '*passé*'. While historically the Netherlands has found its coalition partners among the so-called Nordic+ group of

[85] In terms of policy making: by influencing the agenda setting of Councils, Committees and Council Working Groups, and by obtaining acceptance in Councils, Committees and Council Working Groups for proposals in line with Netherlands preoccupations. Influencing policy implementation level refers to priority setting in programme and project implementation.

[86] See for example KST 74461 (2004), KST 99333_2 (2006), AIV (2008) and KST 119600 B (2008). Given their views on development aid and their different aid priorities, the Netherlands has generally not considered the new Member States as 'natural' coalition partners. On the importance of coalitions see e.g. Aksoy (2008) and Schneider and Tobin (2010), (2010a), and (2010b).

countries, i.e. Sweden, Denmark, Finland, Ireland, and the UK, a more varied and more *ad hoc* pattern of Dutch friends has emerged over the years[87]:

- in the late 1990s and early years of the new Millennium, the UK on using remaining EDF funds for debt alleviation/reduction[88], on the poverty focus of EU development spending, and policy coherence for development;
- Denmark, Germany, Sweden and UK on the Commission's reform process;
- the UK and Sweden on trade policy;
- Germany and Sweden, sharing a critical position on general support, together with Denmark, though the latter changed its position after the new Government came into power (October 2011) and
- Spain and France on migration and development.

Other instruments that are used by the Netherlands to influence EU aid policy making, include (a) its official reactions to the Commission's green papers (e.g. on the future of EU budget support to third countries and on increasing the impact of EU development policy); (b) position papers and non-papers, including a Joint position paper on Development Co-operation in the new Treaty for the European Union ((2003) (prepared together with Austria, Belgium, Germany, Ireland, Sweden and the UK), a non-paper on security and development in 2005 and a non-paper on conditions for budget support in May 2009 and (c) having Dutch civil servants seconded to the Commission and the new European External Action Service – the so-called '*Experts Nationals Détachés*', that are to bring along a 'Dutch perspective' that would allow the Netherlands to indirectly exert influence at an early stage of the aid policy making process.[89]

Summary of main findings

The Netherlands has argued the importance of EU aid from different angles: it serves national interests, gives body to the Netherlands when addressing global issues, could complement Dutch bilateral aid in certain sectors and countries, and is a channel for realizing the Dutch aim of poverty reduction. In addition, a legal argument has been used: the EU role in aid is agreed upon as part of the EU treaties. At the same time, in line with the Maastricht Treaty, the Netherlands position has been that development cooperation could not be entirely transferred to the European level.

87 See KST 41492 (1999), KST 29234 (2003), KST 77546 (2004), KST 99333_2 (2006) and KST 21501-04-139 (2011).

88 In 2006 it was stated that the Dutch position on the debt dossier differed from the UK (KST 94045 (2006)).

89 In 2011, three seconded civil servants were based at DEVCO, dealing with policy coherence, SRHR, and aid effectiveness. They were part of a group of 43 Dutch working at DEVCO (close to 4% of a total staff of some 1,200). In the same year, 64 Dutch citizens were employed at the EEAS, with 8 leading an EU Delegation (KST 33001-1 (2012)). In comparison, DFID has set aside GBP 14 million for the period 2011-2015 for the secondment of some 25-30 experts (in areas ranging from Water and Sanitation, Fragile States, Conflict Prevention and Resolution to overall Evaluation and Monitoring) to the Commission and related organisations in Brussels and Luxembourg, EU delegations in developing countries and to the EEAS.

Referring to the Maastricht Treaty, which states that both the Commission and the individual EU Member States are competent to deal with aid, successive ministers and state secretaries have argued that the 'subsidiarity' principle is leading for the Netherlands – what can better be handled by the Member States should not be determined by Brussels. However, clear definitions of complementarity or added value were never given and what it meant, the EU not to act as the n^{th} European donor, was never fully made clear. The Netherlands has used different sets of arguments to distinguish EU from Dutch bilateral aid and to define on which sectors EU aid should focus and has come up with variable sets of priority areas over the years. At times these arguments concerned the specific (financial) strength and experience of the EU (e.g. road infrastructure), the fact that the Netherlands was not active in certain sectors (e.g. education in recent times) or that the Commission should give priority to the same priorities as the Netherlands (e.g. education, health and more recently private sector development and food security).

Dutch priorities vis-à-vis EU aid have been quite consistent over the last 12 years and hovered around the following main topics: a focus on poverty and the African continent, political aspects and integration of development aid into foreign relations; and the quality of EU aid management (focusing on decentralisation of aid management, reform of procedures, evaluation and staffing issues).

Enhancing cooperation among Commission and Member States has been high on the Dutch agenda as well. Contrary to other Member States it considered it important to work outside a EU-only framework, enhancing cooperation with other 'like-minded' states like Norway and, as part of its traditional emphasis on effective multilateralism, with the United Nations and the World Bank. The Netherlands appreciated the various steps taken by the Commission in 2001 and 2003 to increase EU aid funding through the UN and the World Bank.

Another issue has been policy coherence for development, an area for which the EU had a particular mandate in terms of making sure that when making decisions in other policy areas, in particular agriculture and trade, the impact on poverty alleviation in developing countries would be taken on board. The Netherlands has put coherence on the Council agenda, has been instrumental in putting up an informal EU policy coherence for development network, and has been behind the establishment of a small PCD cell within the Commission.

Since 2008, the issue of general budget support has dominated the debate. While in favour in the early years of the Millennium, provided that the eligibility criteria mentioned in the Cotonou Agreement were adhered to, Dutch ministers and state secretaries have become increasingly critical, with the position of the Rutte I Government being that no budget support was to be provided when the circumstances in terms of corruption, human rights and good governance did not permit it. EU budget support was to be drastically reduced.

The ministry of Foreign Affairs, in particular its Department Integration Europe, has played a pivotal role in handling the EU aid dossier. On coherence matters, it has coordinated with other ministries as appropriate. To influence decisions at European level and with much of the policy-making in Brussels based on consensus rather than voting, pro-actively forming coalitions with other Member States has become increasingly important. Though there are still countries that regularly join forces, fixed coalition partners appear passé and a more varied pattern of 'Dutch friends' has appeared over the years.

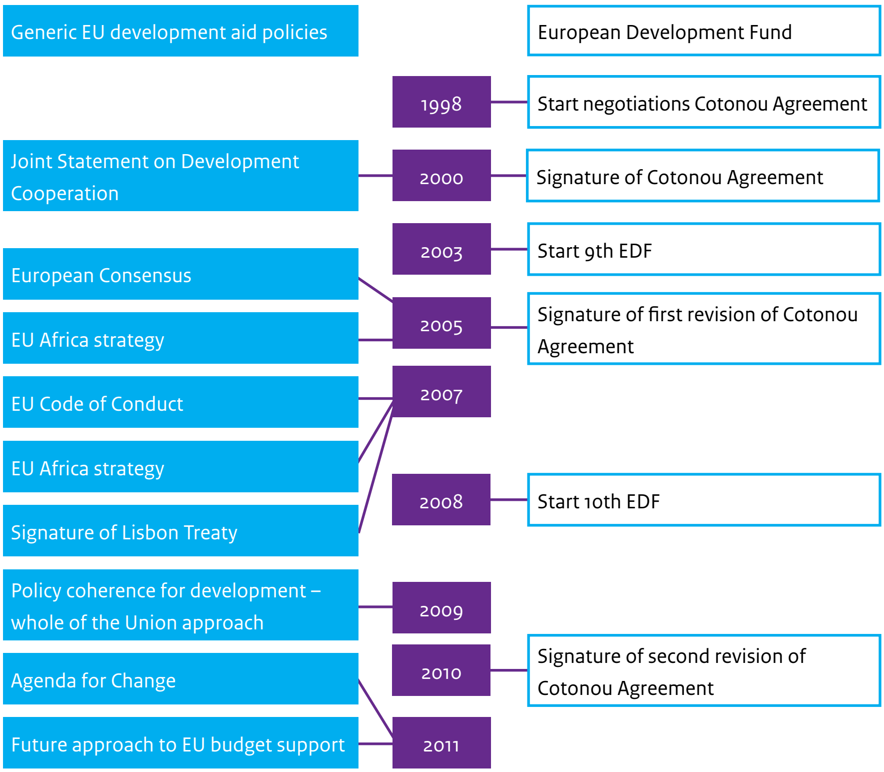
3

EU generic aid policies

Introduction

Current cooperation with the ACP countries is not only governed by the Cotonou Agreement, but also by a series of more generic aid policies and specific policies vis-à-vis in particular Africa that were agreed upon in Brussels since 2000.[90] Figure 3.1 provides a timeline for the main generic policies and what has happened in relation to the Cotonou Agreement since 1998. The following paragraphs provide an overview of these policies and the appreciation thereof by the Netherlands.

Figure 3.1 *Timeline of main developments in generic EU aid policies and Cotonou Agreement (1998-2011)*



[90] In addition to the Joint Africa-EU Strategy, strategies were formulated in 2006 for the Caribbean ('An EU-Caribbean partnership for growth, stability and development' (COM (2006) 86 final of 2 March 2006)) and the Pacific ('EU relations with the Pacific islands – a strategy for strengthened partnership' (COM (2006) 248 final of 29 May 2006)).

3.1 A European Community Development Cooperation Policy (2000)

In May 1999, the Council agreed that it was about time for the Union to come up with an integrated, strategic and up-to-date statement on development policy, based on the broad goals set out in the Maastricht Treaty (Council (1999b)). This statement was to have multiple functions, i.e. (i) create an overall profile of EU aid and strengthen its focus, (ii) provide a general framework for prioritising objectives, policies and fields of action, (iii) enhance coherence between aid and the Union's Common Foreign and Security Policy as well as its external economic policy and (iv) contribute to increased complementarity between Member States and Commission.

In response to this statement, the Commission came with its Communication 'European Community Development Co-operation Policy' in April 2000. Reducing poverty, while already incorporated into the Cotonou Agreement of June 2000, became for the first time the overarching objective of all EU aid programmes, supporting 'action that would enable developing countries to fight poverty themselves' (Commission (2000a)). The Council welcomed the document and its explicit focus on poverty, the poorest countries, including countries 'where a large part of the population is poor' (Council (2000e) and on areas in which EU aid could 'offer comparative advantages'. This agreement provided the basis for the joint statement on the European Community's Development Policy of November 2000 (see Text Box 3.1).

Text Box 3.1 *Basics of the Joint Statement on the European Community's Development Policy*

The main objective of the Community's development policy is 'to reduce and, eventually, to eradicate poverty'. 'This objective entails support for sustainable economic and social and environmental development, promotion of the gradual integration of the developing countries into the world economy and a determination to combat inequality'. Community development policy must support poverty reduction strategies and aim at 'consolidating the democratic process, peace and the prevention of conflict, the development of social policies, the integration of social and environmental aims in macro-economic reform programmes, respect for equality between men and women, the reform or introduction of an appropriate institutional framework, the strengthening of public and private sector capabilities and natural disaster preparedness'.

The Statement calls for particular attention for least developed and other low-income countries (referred to as primary poverty focus), while for middle-income countries, aid should concentrate 'on those in which the proportion of poor people continues to be high (more than 20% of the population lives under the poverty lines of $ 1/per day per capita) and which are fully committed to implementing coherent poverty-reduction strategies' (referred to as secondary poverty focus). It underscores the importance of the partner countries' ownership of their development policies and of the dialogue with these countries to ensure coherence between their policies and Community aid.

The document underlines the need for Community activities to concentrate in 'a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value'. This is about the 'link between trade and development; support for regional integration and cooperation; support for macro-economic policies; transport; food security and sustainable rural development; and institutional capacity-building, particularly in the area of good governance and the rule of law'. The Statement furthermore identifies 'the promotion of human rights, equality between men and women, children's rights and the environmental dimension' as cross-cutting concerns that are to be mainstreamed.

3.2 The European Consensus for Development (2005)

During the Netherlands Presidency, the Council decided in November 2004, that the policy statement of 2000 was up for revision. This would allow for incorporating the MDGs and the commitment to the Paris Declaration, and for reflecting, though without altering the emphasis on poverty alleviation and partner country ownership, the on-going discussions on for example peace and security, globalisation and migration. The outcome was the European Consensus on Development of December 2005, a joint statement of the Commission[91], the Council and the European Parliament.[92] It defines common aid objectives, common values, and principles at EU level and committed both the Community and the Member States, not only as members of the Council but also as bilateral donors (see Text Box 3.2).[93] OECD considered it as 'a major strategic success', the remaining challenge 'to define this broad vision more operationally' (OECD (2007)).

91 The joint statement was published in the Official Journal of the European Union of 24 February 2006.

92 The European Parliament welcomed the Commission's initiative 'to involve the European Parliament in this process' and the fact that, 'for the first time', the EU and its Member States had agreed to act together to promote a common EU vision of development and had agreed on 'common objectives' that would guide Community and Member State development cooperation activities in all developing countries (European Parliament (2005a)).

93 According to Hartmann (2009), it was 'not the new, ground-breaking contents but the approval of all member states together with the Community and the Parliament that makes the Consensus so special'.

Text Box 3.2 *Key elements of the European Consensus*

The earlier aim of poverty reduction became 'the eradication of poverty in the context of sustainable development', including pursuit of the MDGs. Development became a central goal by itself, with sustainable development including good governance, human rights and political, economic, social and environmental aspects.' Human rights and good governance became not only areas to be mainstreamed, but also objectives in their own right, complementing poverty reduction' (Commission (2006i)). The document provided a common framework of principles and concrete actions to guide aid of the Commission and of the Member States, ranging from national ownership and partnership, political dialogue, participation of civil society, gender equality to a commitment to preventing state fragility. Central element was the promotion of common values in the dialogue with third countries: 'respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice'. Aid would continue to focus on the LDCs, and, where appropriate, the preferred aid modality would be budget support. The Consensus stipulates that the Commission will aim to provide added value by:

- ensuring a global presence;
- ensuring PCD in Community actions;
- promoting the development of best practice;
- facilitating coordination and harmonization and promotion of 'coordination, complementarity and coherence as the EU contribution to the wider international agenda for aid effectiveness';
- acting as a 'delivery agent in areas where size and critical mass are of special importance';
- promoting democracy, human rights, good governance and respect for international law, with special attention given to transparency and anti-corruption and
- by 'putting into effect the principle of participation of civil society'.

Moreover, the Community would be active primarily in the following areas, a number of which were to be considered as its comparative advantage: (i) trade and regional integration; (ii) the environment and the sustainable management of natural resources; (iii) infrastructure, communications and transport; (iv) water and energy; (v) rural development, territorial planning, agriculture and food security; (vi) governance, democracy, human rights and support for economic and institutional reforms; (vii) conflict prevention and fragile states; and (viii) human development.

The Netherlands agreed to the Consensus as it was based on common goals (poverty alleviation, MDGs) and common agreements on ODA targets, alignment, harmonization and coordination, and the importance attached to ownership of the partner countries and the participation of civil society. At the same time, it underlined that aid remained a shared competence of Commission and Member States and that EU aid should focus more on the MDGs in LDCs and other low-income countries. The Netherlands also considered that the policy areas in which the Commission claimed to have comparative advantage were too broad and open ended.[94] Moreover, by referring to the Community as a whole, the Consensus failed to clarify the division of responsibility between the Commission and the Member States and whether the Commission should act as an all-encompassing aid donor or as a niche player complementary to the Member States' aid programmes (Open Europe (2007)).[95]

3.3 The EU Code of Conduct on Division of Labour (2007)

The European debate on aid coordination has a long history indeed. Faber (1994) refers for example to a series of Council resolutions of the 1970s on this issue in relation to the EDF. As was already recognised in a policy note of the Netherlands Ministry of Foreign Affairs of the 1980s, results were however dispersed and limited: Member States continued to differ in their aid policies while the ACP countries did not really favour coordination on the donor side.

The Maastricht Treaty of 1992, though confirming the existence of a Union policy alongside the bilateral policies of the Member States, was the first legal framework for aid coordination at Union level. It recognised that improved coordination was a necessary condition for exercising this complementarity.[96] It provided the basis for further guidelines on policy and operation coordination that were issued on a range of occasions in 1993, 1996, 1998 and once more in 1999.[97] Coordination and complementarity were not only to serve aid effectiveness but also to ensure that the EU would be heard more widely and be more visible. Nevertheless, Council conclusions of May 2000 gave a rather bleak picture of the state of affairs in terms of little information sharing and few instances of co-financing and joint evaluations (Council (2000e)).

94 For a critique on this lack of prioritisation among the 'added value' topics listed in the Consensus see for example Maxwell (2006) Grimm (2006), CARITAS CIDSE (2007), and Holland (2008). Likewise, to OECD '(there) is a risk that the ambitious, multiple objectives of the Consensus, including expanded political ones, could diffuse a focus on development and undermine longer-term strategic priorities' (OECD (2007)).

95 This became apparent in 2006 when Development Commissioner Louis Michel unveiled an Action Plan to increase aid effectiveness, which, despite his assurances to the contrary, prompted the Nordic countries, in particular Denmark, to voice concerns about Brussels' interference in their bilateral relations. See Cronin (2006) and Bianchi (2006).

96 The Maastricht Treaty states that Community and Member States 'shall coordinate their policies on development cooperation', 'consult each other on their aid programmes', and 'may undertake joint action'. Moreover, 'Member States shall contribute if necessary to the implementation of Community aid programmes' and 'the Commission may take any useful initiative' to promote coordination. More recently, the legal basis for coordination can be found in the Lisbon Treaty of 2007 which states: 'In order to promote the complementarity and efficiency of their action, the Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Community aid programmes'.

97 See on this issue for example Loquai et al (1998), Commission (1998), OECD (1998) and Council (1999b).

Stressing that coordination was essential if the EU's aid policy was to achieve maximum impact, the Council once more asked Commission and Member States to address the issues mentioned above. It also called for efforts to better align country strategies with a broader framework such as a PRSP, to harmonise procedures and financial rules, and for a more 'pro-active' engagement in the coordination arrangements established by the Bretton Woods institutions and the UN. The joint statement of November 2000 on the European Community's Development Policy reflected the above Council position. It promised that the EU would step up coordination, recognised the leading role of the recipient countries in this coordination and announced that the EU would enhance relations with the UN and the Breton Woods institutions. The importance of the Union speaking with one voice was underlined as well. Nevertheless, the Council repeated its call to step up coordination, to reinforce partner countries' role in defining development strategies and to take concrete steps in the co-ordination of policies and harmonisation of procedures in 2001 and 2004. The Council also asked for a 'strong and substantive contribution' to the Second International High Level Forum on Aid Effectiveness that saw the adoption of the Paris Declaration on Aid Effectiveness in March 2005.[98]

With the ink of the Paris Declaration barely dry, the Council came with new set of conclusions on complementarity and division of labour in October 2006, repeating its earlier position and reiterating that progress in these areas was vital (Council (2006p)). These conclusions also indicate a commitment of Commission and Member States to focus on a limited number of sectors or themes in each partner country, to further discuss issues of aid modalities and choice of aid instruments, to implement the joint programming framework that was agreed upon earlier and to deal with issues of cross-country and cross-sector complementarity (Council (2006p)).

The above developments culminated finally in a Commission proposal to enhance complementarity and division of labour amongst Community and Member States in developing countries (Commission (2007a)). To the Commission, '(cutting) red tape, putting the money where it is needed most, pooling aid, dividing the job in order to deliver more aid, better and faster' were its objectives in a nutshell. The Council adopted the EU Code of Conduct on Division of labour in Development Policy (see Text Box 3.3) in May

[98] In the Paris Declaration on Aid Effectiveness Ownership, Harmonisation, Alignment, Results and Mutual Accountability – on coordination, signatories made a commitment to inter alia (i) Strengthen partner countries' national development strategies and associated operational frameworks; (ii) Increase alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities; (iii) Eliminate duplication of efforts and rationalise donor activities to make them as cost-effective as possible and (iv) Reform and simplify donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures. The Declaration calls for a pragmatic approach to the division of labour and burden sharing, that can increase complementarity and can reduce transaction costs. Donors committed themselves to '(make) full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks' and to 'work together to harmonise separate procedures'. The Declaration also entails a joint commitment to '(reform) procedures and strengthen incentives .. for management and staff to work towards harmonisation, alignment and results'.

2007. It was agreed that the EU should act as a driving force on coordination and would follow an inclusive approach that was open to all donors and whenever possible build on existing processes, recognizing and reinforcing the partner country's ownership and role in aid coordination. Both Member States and Commission committed themselves to this 'voluntary and flexible' Code, which was to be used 'pragmatically'. The Council saw 'the diversity of expertise in the EU as a whole as an added value that should be maintained.' At the same time, while recalling that 'Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States', it asked Commission and Member States 'to review the state of the self-assessments of their respective areas of strength' as a basis for improving cross-sector complementarity'.

Text Box 3.3 *The 11 principles of the EU Code of Conduct on Division of Labour*

On in-country complementarity

1. Increase donor concentration: a maximum of three sectors in country + general budget support + support to Non-State Actors + plus research and education schemes, based on: (i) Comparative advantage of each donor, self-assessed, endorsed by partner government and recognised by other donors; (ii) Partner countries to identify areas for increased or reduced support and identify donors remaining engaged in the sector; (iii) Donors to work with governments to identify sectors in which to remain and propose sectors from which they will withdraw; (iv) Assure long term engagement in sectors by remaining donors.
2. Redeploy funds for other in-country activities, based on local negotiations. Where donors are in more than three sectors, either use delegated cooperation or exit, responsibly redeploying funds in three priority sectors or into general budget support, avoiding any gaps in aid.
3. Lead donor arrangements for each sector to reduce transaction costs.
4. Delegated cooperation/partnership arrangements.
5. Ensure adequate donor support to sectors of key priority for poverty reduction. At least one active EU donor per sector, maximum 3-5 active EU donors per sector.

On other dimensions of complementarity

6. Replicate these practices at regional level.
7. Member States opt for a limited number of priority countries; in non-priority countries consider delegation.
8. Address the 'orphans' gap, often countries in situation of fragility.
9. Analyse and expand global areas of strength: the Commission to further develop expertise in areas of comparative advantage, at country level, in line with deconcentration and ownership.
10. Progress on other dimensions of complementarity (vertical and cross-cutting instruments).
11. General principle: Deepen the reform of aid systems: decentralised structures, institutional incentives and redeployment of financial and human resources.

In an attempt to support implementation of the Code, the Commission came with a proposal for a Fast Track Initiative (FTI) of Division of Labour in December 2007. It also developed an EU Toolkit for in-country division which mentioned the following priority areas for Community aid:

- trade and regional integration
- environment and the sustainable management of natural resources
- infrastructure, communications and transport
- water and energy
- rural development, territorial planning, agriculture and food security
- governance, democracy, human rights and support for economic and institutional reforms
- prevention of conflicts and of state fragility and
- human development and social cohesion and employment.

Thus, while the European Consensus emphasised the need for the EU to concentrate upon its areas of comparative advantage, these are broadly defined, with the number increasing from six in the original Development Policy Statement to nine in the European Consensus (Barder et al (2010)). However, without indicating a division of responsibilities within the Community, i.e. between Commission and Member States. Furthermore, the so-called cross-cutting issues, i.e. democracy, good governance, human rights, the rights of children and indigenous peoples, gender quality, environmental sustainability, and the fight against HIV/AIDS were to be mainstreamed into EU development activities.

In 2008, the Council announced that at the High Level Forum in Accra the EU would focus on 'division of labour, predictability of aid, enhanced use of country systems and mutual accountability for development results' (Council (2008d)). The Council agreed that more was to be done in the implementation of in-country division of labour. Moreover, while 'the EU should continue to be present in all developing countries', Member States should focus 'on those countries where their added value is the greatest in the fight for poverty eradication in the context of sustainable development'.[99]

In November 2009, the Council adopted Conclusions on an Operational Framework on Aid Effectiveness. A consolidated version of this Operational Framework was released in January 2011. It has the following main components to reduce aid fragmentation and donor proliferation: (i) accelerate the Fast Track Initiative on Division of Labour of 2007; (ii) pursue sector-concentration through redeployment and joint programming; (iii) monitor progress systematically at headquarters and country level and (iv) cooperate on training activities for division of labour and cross-country division of labour.

99 The Council furthermore reiterated its position on the lead of the partner country in the country division of labour and its commitments in channelling increasing amounts of aid through budget support. The Council also called on Commission and Member States to step up co-financing, increase aid predictability and to continue and extend the use and coverage of multi-year country strategy papers (Council (2008d)).

Under the banner of donor coordination, the issue of donor 'orphans' and 'darlings' has been subject of debate at Council level since 2006. According to the Council, 'Member States and the Commission should address the current imbalance in resources provided to aid darlings and orphans and avoid the creation of new imbalances'. Member States should furthermore 'reinforce the geographical focus of their assistance to avoid spreading their resources too thinly' (Council (2006p)).[100] The donor darling/orphan debate, mentioned also in the *Focusbrief ontwikkelingssamenwerking* of March 2011 in relation to new country choices made by the Netherlands[101], concerns the number of donors per country (i.e. global fragmentation of aid), and the (appropriate) volume of aid that a country receives (e.g. per capita), in relation to the incidence of poverty, etc. The debate was, amongst others, fuelled by the high per capita EU aid flows to for example Turkey and the Palestinian Territories and the question whether the Commission was indeed focusing on the poorest countries. The debate shows that (a) '(there) is no consensus around what constitutes an aid orphan' (OECD (2011))[102], (b) EU Member States use their own criteria when selecting aid recipients[103], often without giving consideration to the presence of other donors and that (c) international dialogue on this issue at the political level 'is lacking' (OECD (2011)). Against this background it is understandable that in 2011,the Commission called for donors to be more transparent about their interests and political processes in their own countries with regard to aid allocation and other aid effectiveness commitments (Commission (2011e)).

100 The Council reconfirmed this position in 2007. It also called for an 'EU-dialogue about future engagement and on strategic planning concerning their geographic concentration and country priorities' in 2008 (Council (2008d)) and tabled the issue in 2010 when adopting its Conclusions to revise part of the Operational Framework on Aid Effectiveness of November 2009 (Council (2010h)).

101 According to the policy note, '(to) increase effectiveness .., stimulate '*zorgvuldig donorschap*' and avoid donor orphans, additional attention was paid to division of labour between donors. With the limited number of '(*speerpunten en*)' partner countries, the Netherlands wants to improve the division of labour. Where possible, the Dutch choice of partner countries is 'afgestemd' with like-minded donor countries and the EU' (KST 32605-2 (2011)).

102 See also Mürle (2007) stating that '(the) distinction between these groups expresses that the issue of 'orphans' should not be equalled to countries receiving little aid. In some cases of the second group, low aid is the result of explicit political decisions by donors in reaction to bad policies'.

103 See on this issue for example Grimm (2009), stating that '(partner) country selection and thus geographical aid allocation seems to be considered solely a sovereign and unilateral decision of donors ... Thus, in practice, the concentration process is looking 'inwards' and not towards the concentration among donors across countries'.

3.4 Policy Coherence for Development

The legal basis for policy coherence for development (PCD) goes back to the Maastricht Treaty of 1992.[104] The Amsterdam Treaty of 1997 added the principle of consistency of all of the Union's external activities 'in the context of its external relations, security, economic and development policies', implying that no single policy area should be pursued at the expense of others (Olsen (2008)). The provision on PCD was strengthened in the Lisbon Treaty (Klavert et al (2011)), reconfirming the earlier stipulations of Maastricht. PCD is also referred to in Article 12 of the Cotonou Agreement, stating amongst others that '(the) Union acknowledges that Union policies, other than development policy, can support the development priorities of ACP countries in line with this Agreement. On this basis, the European Union will enhance the coherence of these policies with a view to attaining the objectives of this Agreement'.[105]

In the period 1997-2003, the Council underlined the importance of ensuring a 'maximum level of policy coherence' and of avoiding that other Community and Member States' policies had negative effects on Community development actions (Council (2000e)). The Council also asked for 'overall coherence' between the Union's 'internal and external policies' (Council (2003a)). The Commission was asked to check all her policy proposals on possible incoherencies and to regularly report on its initiatives in this domain. Reacting to these concerns, the Commission came with its 'Communication on Policy coherence for development' in April 2005. This Communication identified twelve policy areas for which achieving synergies with development policy objectives was particularly relevant (see Text Box 3.4). Though acknowledging the importance of the Communication as a political statement, OECD (2007) considered it 'more of a statement of general objectives than a targeted listing of policy incoherence priorities' and suggested that the list of twelve policy areas be prioritized, focusing on issues where potential policy incoherence was greatest or where synergies could be maximized.[106]

[104] The Treaty states that '(the) Union shall in particular ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies' and that '(the) Community shall take account of the objectives referred to in Article 130u in the policies that it implements which are likely to affect developing countries.'

[105] The Article furthermore states that the Community shall regularly inform the Secretariat of the ACP Group of planned proposals for measures that might affect the interests of the ACP states and that at the request of these states 'consultations shall be held promptly so that account may be taken of their concerns as to the impact of those measures before any final decision is made'.

[106] The same policy areas were mentioned in the Council conclusions of November 2007 (Council (2007s)) and of 2010 (Council (2010k) and (2010p)). Member States and Commission were asked 'to continue monitoring and improving PCD in the twelve policy areas' and the Commission was asked to ensure 'better integration of the PCD approach into Country and Regional Strategy Papers'. In 2008 and 2009, the Council reaffirmed its position (Council (2008d), (2008f) and (2009k)).

Text Box 3.4 *Twelve priority areas for policy coherence for development*

- **Trade.** The EU commitment focuses on (i) ensuring a development-friendly and sustainable outcome for the Doha Development Agenda and the EPAs; (ii) further improvement of the Generalised System of Preferences; (iii) working towards integrating trade into development strategies and (iv) assistance for developing countries in carrying out domestic reforms where necessary.
- **Environment.** The EU commitment focuses on (i) assisting developing countries in implementing the Multilateral Environmental Agreements; (ii) promoting pro-poor environment-related initiatives and policies and (iii) and sharpening the focus on climate and environmental change in the EU's own policies.
- **Climate change**, focusing on the EU's commitment to the Kyoto Protocol and its determination to develop a medium and long-term EU strategy to combat climate change
- **Security**, with an emphasis on: (i) enhancing EU policies in support of good and effective governance and the prevention of conflict and state fragility; (ii) strengthening the control of its arms exports, and (iii) enhanced cooperation in fighting corruption, organised crime and terrorism.
- **Agriculture**. This is about minimizing the level of trade distortion related to EU support measures to the European agricultural sector on the one hand and facilitation of developing countries' agricultural development on the other.
- **Fisheries**. As regards bilateral fisheries agreements, the EU will consider the needs of developing countries and will continue to encourage the conclusion of fisheries agreements in order to contribute towards the rational and sustainable exploitation of coastal states' surplus marine resources.
- **Social dimension of globalisation, promotion of employment and decent work** with the overall aim of promoting decent employment conditions and work for all.
- **Migration**, i.e. promoting synergies between migration and development, to make migration a positive factor for development.
- **Research and innovation**. Focus is on the integration of development objectives, where appropriate, into its research and development policies and innovation policies, and assistance for developing countries in enhancing their domestic capacities.
- **Information society**. This is about addressing the digital divide and using the potential of ICT for attaining the MDGs.
- **Transport**. Focus is on the special needs of landlocked and coastal developing countries as well as security and safety issues.
- **Energy.** In this area, EU aims to contribute towards meeting the special needs of developing countries by promoting access to sustainable energy sources and by supporting interconnection of energy infrastructures and networks.

In September 2009, the Commission came with its Communication 'Policy Coherence for Development – Establishing the policy framework for a whole-of-the-Union approach' (Commission (2009h)). According to the Commission, it reflected recent developments such as increasing non-ODA financial flows to developing countries and, more importantly, the growing impact of internal EU policies on external relations. From the initial twelve policy areas, the Commission proposed to move to five (climate change, global food security, migration, intellectual property rights and security and development) as these were:

(i) high on the EU's political agenda,
(ii) considered important for developing countries and for achieving the MDG's and
(iii) presented concrete opportunities for incorporating development objectives.

The Council appreciated the approach suggested by the Commission but replaced intellectual property rights by trade and finance, while keeping the other four priorities proposed (Council (2009k) and (2010p)). Like the Commission, the Council thus moved away from a broader PCD agenda towards a set of political priorities that reflected the priorities of the Union, not necessarily those of developing countries.[107] The five priorities were reconfirmed by the Council in May 2012 as issues to be addressed in the 'immediate future'; at the same time it was acknowledged that '(the) EU's development policy requires a more ambitious approach to PCD in the twelve areas identified in 2005 and a more pro-active integration of development objectives into EU policies and external action' (Council (2012a)). It was underlined moreover that since PCD was also essential for the credibility of the EU as a global actor, 'a strong EU leadership on PCD issues at high levels of all parts of the EU and in Member States' was important.

The Commission has issued three reports on PCD since 2007. While academia and NGOs have been critical on the way in which EU policies, in particular in trade and agriculture, have affected developing countries[108], there is a 'lack of sufficient evidence on the actual effects of EU policies in developing countries due to a lack of investment in research' (Görtz and Keijzer (2012)). Also the Commission's country evaluation reports hardly touch upon the issue of PCD and those that do show great variety in terms of terminology and thoroughness of analysis (see Text Box 3.5).

[107] An European Parliament resolution of 18 May 2010 stressed in this respect that the 'Council's decision to focus on five broad areas for the PCD exercise in 2009 must not replace the monitoring of the 12 traditional policy areas' referred to above (European Parliament (2010c)).

[108] E.g. Action Aid (2003) referred to the detrimental impact of the Union's rules of origin and food safety and sanitary and phytosanitary standards on Kenya's horticultural and fisheries sectors that had seen considerable EU investments The European Parliament (2010e) referred to the increased use of farmland in developing countries for agro fuel production to meet the EU's renewable energy needs – which is at the expense of food security and biodiversity – and the re-introduction of export subsidies for dairy products in 2009. Guerrin et al (2011)) referred to high tariffs for semi-processed and final goods, rules of origin that undermine the positive potential impact of the General System of Preferences and a migration policy that still appears to be 'how to prevent more migration' and runs counter to policies that aim to attract highly skilled migrants. Dornberg (2011) referred to the special status of sugar and rice under the Cotonou Agreement and EPAs and the challenges faced by the EU in reforming its Common Agricultural Policy.

Text Box 3.5 *Findings on PCD in Commission country evaluations*

Out of 18 country evaluations that have incorporated an assessment of PCD, three concluded that EU development policy and other EU policies were coherent while another seven concluded that there were no indications of incoherencies between the two. Four reports have paid attention to the issue of coherence between EU trade and development policies. Issues identified relate to insufficient attention to: (i) broaden the economic base of the countries concerned to reduce their dependence on only temporarily advantageous trade arrangements; (ii) strengthen the capacity of the private sector to enable businesses to comply with EU quality standards; and (iii) in the case of Ethiopia in 2004, to address the Government's limited capacity to negotiate trade and regional integration agreements. Five evaluations talk about the impact of EU subsidies for agricultural producers in ACP countries[109] and specifically refer to the disturbing influence of the importation of foodstuffs from Europe (frozen chicken in the case of Gambia, tomato concentrate and milk powder in the case of Ghana). The relation between the EU's Common Fisheries policy and development policy is mentioned in the case of Mauritius, Senegal, and the Pacific region. In Senegal, evaluators concluded that the crisis in the fisheries sector was mainly caused by other factors than the withdrawal of fish by foreign fishermen, while in Mauritius it was found that coherence could be much improved by investing significantly in this economically important sector. The provision of subsidies to cotton producers in Greece and Spain was seen as a sign of incoherence in the case of Benin. Though migration has been high on the Dutch PCD agenda since the late 1990s, it is dealt with only by the evaluation of Senegal (ECO Consult Consortium (2010b)) concluding that it is particularly difficult to work on policy coherence in this area because of the fragmentation of competences between the EU and the EU Member States, the political sensitivity of migration, and the complex link (or results chain) between migration and development.

3.5 Increasing the impact of EU Development Policy: an Agenda for Change (2011)

Preparing for the Financial Perspectives for the period 2014-2020 as the future framework for EU development aid, the Commission published a green paper on the future of development policy in November 2010 (Commission (2010q)). This was followed by its Communication 'Increasing the impact of EU Development Policy: an Agenda for Change' in October 2011 (Commission (2011s)) which received broad support from the Member States. This Agenda states that future EU aid spending should be more targeted and focus on countries that are in the greatest need of external support (including fragile states) and where such support can really make a difference. Cooperation modalities should be

[109] See also CONCORD (2009), Klavert et al (2011) and DIE et al (2010).

differentiated depending on the countries' state of economic development. EU aid is to be allocated according to country needs, capacities, commitments and performance as well as potential impact. This is not too different from what was stated over 12 years ago with respect to the Cotonou Agreement which 'made such differentiated treatment explicit by labelling differentiation' as a fundamental principle of the ACP-EU partnership' (ECDPM (2012). This was, as mentioned above, a key change compared to the previous Lomé Conventions that determined allocations on an 'entitlement' basis'. Differentiation is also part and parcel of the European Consensus of 2005.

The Agenda announces that more attention will be paid to the partner countries' commitment to 'fundamental values of human rights, democracy and rule of law' as a basis for differentiation in aid allocations. Another characteristic of the differentiated approach is that countries that can generate enough resources to ensure their own development will no longer receive bilateral grant aid and will instead benefit from new forms of partnership.[110] Nevertheless, they will continue to receive funds through thematic and regional programmes. Countries like China, Brazil and India are regarded as partners for addressing global challenges. The Commission proposes that EU aid should centre on[111]:

- Human rights, democracy and good governance or the rule of law, including support to free and fair elections, media freedom and Internet access, support for judicial systems, public sector management, tax policy and administration, tackling corruption and strengthening of civil society and the importance of the development-security nexus.
- Social inclusion and human development (notably social protection, health and education).
- Investments in 'drivers for inclusive and sustainable economic growth, providing the backbone of efforts to reduce poverty', with attention for business environment and regional integration, and support for development of competitive local private sectors.[112]
- Helping reduce developing countries' exposure to global shocks such as climate change, ecosystem and resource degradation, and volatile and escalating energy and agricultural prices, by concentrating investment in sustainable agriculture and energy.[113]

[110] According to ECDPM (2012), views 'differ strongly' as to whether the proposed discontinuation of bilateral assistance to upper middle-income countries (UMICs) and countries representing more than 1% of the world's Gross Domestic Product (GDP) can also be applied under the Cotonou Agreement.

[111] This focus was agreed upon at Council level, with the Council concluding in May 2012 that it endorsed 'the EU's intended focus on governance and inclusive and sustainable growth and the priorities in these areas set out in the Commission Communication' (Council (2012a)).

[112] This includes amongst others small and medium enterprise promotion, better access to business and financial services as well as private and foreign investments, improving infrastructure, promoting agricultural, industrial and innovation policies, as well as aid for trade and trade facilitation.

[113] In agriculture, aid is to focus on smallholder agriculture and rural livelihoods, formation of producer groups, the supply and marketing chain, and government efforts to facilitate responsible private investment. In energy, priorities include: addressing price volatility and energy security; climate change, including access to low carbon technologies; and access to secure, affordable, clean and sustainable energy services.

The Agenda for Change also talks about:

- Encouraging innovative ways of financing development, like the blending of grants and loans from international financial institutions such as the European Investment Bank. [114] The Council underlined the importance of increasing the use of innovative financial instruments to promote stronger private sector engagement in inclusive and sustainable development again in 2012: grants would be more used 'more strategically and effectively for leveraging public and private sector resources, including in the context of blending grants and loans and innovative risk-sharing and joint financing mechanisms' (Council (2012l)).
- Maintaining funding mechanisms that will allow the EU to continue to respond to unforeseen events.
- The need to simplify rules and procedures for aid programming and delivery.[115]
- The importance of coordination between Commission and Member States in order to maximise overall impact and visibility. In 2012, the Council reconfirmed the commitment to 'reducing aid fragmentation' and 'increasing coordination in order to develop a common EU joint analysis of and response to partner country's national development strategy' (Council (2012l)).

Finally, in line with the provisions of the Lisbon Treaty, the Agenda proposes new mechanisms ' to ensure more democratic debate on EU external assistance through a stronger involvement of the European Parliament', though this idea is not defined in operational terms.

[114] The Commission divided innovative financing mechanisms into (1) mechanisms that generate additional financing for development by tapping into new and innovative finance (or funding) sources (non-traditional or non-conventional ODA resources, emerging donors and the private sector) and (2) mechanisms that offer innovative financial instruments/solutions in the way revenues are collected and pooled, traditional development finance is used and aid is delivered' (European Commission. (2012d)). Within a context of constrained public aid funds and cuts in ODA budgets, blending is expected to get the largest possible impact of grants by leveraging additional financing from for example the private sector. Since blending already exists under e.g. the EU-Africa Infrastructure Trust Fund, the observation made by BOND in 2012 that '(the) EU should not start using blending on loans and grants without first having carried out a thorough analysis of the impact of existing blending mechanisms such as the Africa Infrastructure fund' (BOND (2012)) makes sense.

[115] In December 2011, the Commission also presented proposals to amend the rules guiding the spending for EU external action in the next Multi-Annual Financial Framework (2014-2020) (Commission (2011t)). It saw this as an opportunity to adjust its practice and increase its collective impact on poverty reduction (Keijzer (2011)) and to support the Commission's focus as proposed in the 'Agenda for Change'.

To the Netherlands, the Agenda for Change reflected to large extent its expectations. It specifically welcomed the proposed[116]:

- Focus, as mentioned above, as this would allow for both EU's added value and European and Dutch interest being served.
- The suggestion to differentiate between different categories of countries, which would however require objective criteria, and the specific commitment to fragile states.
- Sector focus, as it showed the complementary between European and Dutch aid policies, including the emphasis on private sector development. The Netherlands was pleased with the suggested input target of 20% of EU aid for the social sectors as this would compensate for the Dutch decision to withdraw from the education sector.
- The proposed use of innovative ways of financing development.

The Netherlands was also in favour of a joint EU effort in partner countries through division of labour and joint programming, though it was realised that not all Member States were likely to share this position. However, '(there) can be no question of a straitjacket that the EU imposes to the Member States. Development cooperation is defined in the EU treaty as a parallel, shared competence. The proposals of the Commission should keep open the possibility for varying degrees of intensity of coordination, ranging from sharing information, developing joint strategies or jointly executing programmes' (KST 21501-04-137 (2011)).[117] They should allow for a 'bottom-up' to coordination and division of labour, including the possibility of a Member State rather than the Commission ensuring a coordinating role.

3.6 Budget support as the preferred aid modality[118]

Early experience with the equivalent of budget support in the 1990s showed (i) the limits of conditionality as an effective means of promoting reforms; (ii) the importance of partner countries owning policies; and (iii) the limited effect of targeting funds to specific budget

[116] See e.g. KST 21501-03-139 (2011), KST 21501-02-1129 (2012), KST 21501-20-628 (2012), KST 21501-02-1179 (2012), KST 33240-V-1 (2012) and KST 21501-04-147 (2012). For a more critical appraisal see e.g. Mackie et al (2010b), underling that '(as) it stands the Green Paper does little to encourage a break with the past' and lacks both political-economy analysis and 'in-depth questioning of how the EU would like to conduct its development business in the future'. Since the Commission 'is not known for its work with the private sector', '(making) this the focus of its future strategy .. suggests a need for a more profound debate on procedures and the comparative advantages of the Commission in relation to those of the member states and the European Investment Bank'. Moreover, 'PCD is mentioned in the paper, but not as an overarching framework that would give development funds leverage over other areas such as climate and energy'.

[117] A quite similar position was taken by DFID in 2012 stating that '(joined) up working within the EU must therefore be pragmatic, flexible, open to other donors, reduce transaction costs and adapted to the realities on the ground. Our work together as EU donors should recognise this and we should steer clear of EU-led mandatory processes and resist plans to regulate or impose a single approach to joint programming'(DIFD (2012)).

[118] This section builds on inter alia Commission (2000d), the European Consensus on Development (Official Journal of the European Union. 24 February 2006), Commission (2007k), Commission (2008o), Council (2008g), Fischer et al (2008), Schmidt (2008) and Commission (2011i).

lines. Building on this experience, the Commission came with its Communication 'Community support for economic reform programmes and structural adjustment: review and prospects' in 2000 (Commission (2000d)). It introduced poverty reduction budget support and an approach to conditionality, the so-called '*performance bonus*'. Budget support was also incorporated into the Cotonou Agreement, with its Article 61(2) defining three key eligibility criteria, i.e.: (a) public expenditure management is sufficiently transparent, accountable, and effective; (b) well defined macroeconomic or sectoral policies established by the country itself and agreed to by its main donors are in place; and (c) public procurement is sufficiently open and transparent.

Also the 2005 European Consensus – a document agreed upon by Member States and Commission –stated that '(where) circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partners' national accountability and procedures, to finance national poverty reduction strategies ... and to promote sound and transparent management of public finances'. Preparing for Accra in 2008, the Council adopted guidelines, stating, amongst others: 'The EU calls all donors to aim to channel 50 % or more of government-to-government assistance through country systems, including by increasing the percentage of assistance provided through programme-based approaches, such as budget support or SWAP arrangements' (Council (2008g)).[119] Budget support was seen as having potential advantages over the traditional project approach: (a) supply larger volumes of aid in a more predictable manner by channelling funds through the national budget; (b) more ownership on the side of recipient countries; (c) encourage improved public financial management and increase domestic accountability; (d) strengthen the policy dialogue; (e) improve harmonisation and coordination between donors and (f) reduce transaction costs for the partner country.[120]

In 2008, the Commission launched 'MDG Contracts' for countries with a track record of successfully managing budget support, and demonstrating commitment to making progress towards the MDGs. The MDG-Contract is characterised by: (i) a commitment for 6 years (twice as long as the common budget support agreements), and (ii) a base component of at least 70% plus a variable performance component of up to 30%. The Commission signed MDG Contracts with 7 countries in the first half of 2009 (Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda and Zambia) and with Tanzania since then.

Around the same time, it became increasingly clear that European views on this aid instrument were becoming increasingly divergent. Some Member States, including the Netherlands, considered that the Commission should make much more use of the opportunities of political dialogue to discuss progress in areas like governance, poverty alleviation and corruption. Other Member States and the Commission felt that this would lead to an unwanted proliferation of

119 In its Peer Review, OECD (2007) warned against a rapid scaling up to this 50% target and advocated for a 'dynamic and pragmatic approach which fits budget support to the country context', coupled with the systematic use of risk assessments and better use of the experience and assessments of delegation staff in designing and managing budget support.

120 See for example Court of Auditors (2005c) and (2010b), and Commission (2011g).

aid conditions that could undermine the effectiveness of the instrument.[121] This diversity stems to a large extent from diverging views on whether development aid in general and budget support in particular are/should be instruments of foreign policy – or not – and whether they can and should be used to realize Europe's political aims.[122]

Against this background, the Commission launched a public consultation on the basis of a green paper on 'The future of EU budget support to third countries' (Commission (2010g)) in October 2010. The paper incorporated some of the main elements of non-paper that had been prepared by the Netherlands (e.g. on political governance and the role of political dialogue, programming of budget support and its coherence with other instruments and dealing with fraud and corruption).[123] The Dutch position on the green paper is summarised in Text Box 3.6.

Text Box 3.6 *The Dutch position on the green paper on budget support*

- Like the Netherlands, the Commission ought to be more restrained: when in doubt on whether the basic conditions in the areas of good governance, fighting corruption and human rights were met, no general budget support should be provided. In consultation with the Member States, the Commission ought to judge more strictly whether these basic conditions were present and whether the support would indeed give the results for which it was intended. Ultimately this should result in less money going through this instrument – and ultimately less money going to the EU's budget for foreign relations
- Improved coordination in the use of budget support between Member States and Commission was important. Signals coming from the Member States that they were increasingly reluctant to use the instrument were to be properly addressed at EU level.
- A stronger dialogue on these basic conditions was needed as the Commission was often found to be 'too restraint' in this respect. The dialogues on budget support and the Article 8 dialogue should be complementary and mutually reinforcing. In case of general budget support, it should be possible to address also 'broader political developments' in such a dialogue.
- The Netherlands was in principle against EU budget support for fragile states, unless, in exceptional cases, and to be determined on a case-by-case basis, the Government considered that it could make an important contribution to stability and security.

Following these public consultations, the Commission issued its Communication on The future approach to EU budget support to third countries in October 2011. This Communication calls for a coordinated EU approach, towards a 'single EU Good Governance

121 ST 132847 (2009), KST 138705 (2009), KST 21501-05-116 (2010) and KST 21501-04-117 (2010).
122 See for example Barder et al (2010), European Parliament (2011f) and ODI (2011).
123 In the midst of this debate, in 2010 the Commission cancelled or delayed budget aid disbursements for reasons of corruption (Zambia), concerns about public financial management and transparency (Cambodia, Uganda) or eligibility concerns (Malawi, DRC, Saint Kitts & Nevis) (Commission (2011r)).

and Development Contract', based on three existing eligibility criteria, i.e. (i) stable macro-economic framework; (ii) national/sector policies focusing on sustainable growth and poverty reduction; and (iii) adequate public financial management, and a new one (iv) budget transparency and oversight.[124] Using budget support, the new approach aims to address a wide range of development challenges.[125] The Communication neither refers to budget support as the 'preferred aid modality' nor is there an ambitious target set as a percentage of total aid to be spent as budget support. This is in line with the Dutch position that there should also be no ceiling for EU budget support as this could risk becoming a target on its own (KST 21501-04-124 (2011)). Instead, budget support is now an 'important' instrument amidst several others to be combined with other instruments so that it fits with the specifics of a particular country context (Vanheukelom (2011)). Member States were asked to consider the proposed new policy as recommendation for their own budget support.

Though the proof of the pudding was to be in the eating, the Netherlands welcomed the strengthened political dimension of budget support – such as the reference to 'fundamental values', a new criterion on budget transparency, enhanced dialogue, and increased EU coordination. Still, the Communication only partially met Dutch desires:

- Since it considered human rights, democracy and rule of law as basic conditions, the Netherlands advocated for a clear relationship – put into a conditionality – between these basic conditions and budget support.[126] Declared intentions to reform were no longer acceptable.
- The political conditions for sector budget support were insufficiently defined, though could probably be less restraining than in the case of general budget support. Sector budget support could at times be used in countries that did not qualify for general budget support, however sector budget support related contracts ought not to become an escape route for what was earlier called general budget support (KST 21501-04-139 (2011)).
- The Communication did not specify how coordination would be shaped and how this could influence budget support allocations. The Commission was also asked to make clear how initial political judgments, based on a joint decision of Commission and Member States should be organised. The same applied to policy analysis and political dialogue. New staff guidelines on budget support ought to indicate how this would be handled.

[124] The Netherlands welcomed this additional element: a transparent budget is a necessary condition for parliamentary control and enables civil society organisations to call the government of the recipient country to account on public revenues and expenditures (KST 21501-04-148 (2012)).

[125] These challenges are: (a) promoting human rights and democratic values; (b) improving financial management, macroeconomic stability, inclusive growth and the fight against corruption and fraud; (c) promoting sector reforms and improving sector service delivery; (d) supporting state-building in fragile states and addressing development challenges of Small Island Developing States and (e) improving domestic revenue mobilisation and reducing dependency on aid (Commission (2011i)).

[126] On this issue, the joint Commission-HRPV communication 'Human rights and democracy at the heart of EU external action' of December 2011 states: 'In the evaluation of direct budget support contracts, specific conditions may be attached to supporting deep and sustainable democracy and human rights, in line with the Commission's Communication on 'The Future approach to EU Budget Support to third countries' (European Commission and HRPV (2011)).

The Netherlands furthermore announced, despite earlier suggestions on reforming comitology and Council, that it would be 'very critical' on individual budget support proposals from the Commission when it felt that conditions for general budget support were not met. Without a veto right, it would try to resist such decisions though it was realised that not too much was to be expected given the decision-making rules of the structures in Brussels.[127] Moreover, as was stated in 2012, EU general budget support would not disappear entirely and would remain an important instrument which, if well applied, could also be effective' (Ministry of Foreign Affairs (2012b)).

At Council level, discussions took place in the first months of 2012 resulting in the Council Conclusions of May 2012. The Council endorsed the objectives set out in the Commission's Communication and welcomed the intention to address the aforementioned challenges (see Text Box 3.7).

Text Box 3.7 *Main elements of the Council Conclusions of May 2012 on budget support*

- EU budget support must be designed and implemented 'to effectively support poverty reduction and sustainable development' and to 'strengthen the contractual, reciprocal nature of partnerships between the EU and partner countries'. It 'should reflect the specific goals, benefits and risks, as well as feasibility in each partner country, in the mix with the other support modalities in that context'. Different types of budget support contracts will be used 'to better respond to the political, economic and social context of the partner country'. This contractual aspect of budget support was supported by the Netherlands
- EU budget support must be aligned with country strategies, targeted where it is needed most, where domestic resources are insufficient and where it can have the greatest impact. It 'should and must be based on mutual accountability and a commitment to human rights, democracy and the rule of law'. The commitment and record of partner countries in these areas is to be 'one of the key determinants of EU development cooperation, including general and sector budget support, and should be assessed to determine if using budget support is appropriate'[128]. General budget support can be given when there is 'trust that it will contribute to effective development impact and will be spent in accordance with shared objectives and values, in particular human rights, democracy and the rule of law, as well as public sector reform and financial management, including domestic accountability and stronger national control mechanisms'. Furthermore, the EU will use 'a tailor-made and dynamic approach to eligibility, focusing on progress in the implementation of credible and relevant sector reform strategies, to maximise the impact on the ground'.

[127] See KST 21501-04-117 (2010), Ministry of Foreign Affairs (2012b), KST 21501-04-142 (2012) and KST 21501-01-148 (2012).

[128] The Netherlands welcomed this focus, with Member States supporting a more political approach to budget support, not in the least to maintain support ('draagvlak') for this instrument (KST 21501-04-143 (2012)).

- While 'governance remains an important objective', 'assessment of governance in connection with EU sector budget support will need to be carefully balanced against the need to provide and protect the provision of vital basic services, in particular to the poor, women and children'. At the same time, '(where) governance has severely deteriorated, the EU should reassess its budget support cooperation with the partner country, in parallel to an assessment of its overall development cooperation, within existing procedures and decision-making processes'.
- Budget support in 'situations of fragility' is not ruled out through the introduction of State Building Contracts that 'should be based on a case-by-case approach and an assessment of potential benefits and risks, an analysis of alternative aid modalities as well as of the cost of inaction'.

The Council Conclusions call for a coordinated approach to budget support at country level, based upon the principles of sovereign decision making by Member States, and for closer coordination with other budget support donors. They also call for shared assessments of budget support eligibility criteria, harmonisation of risk assessment tools and for a common assessment of partner countries' commitments to human rights, democracy and the rule of law. Reacting also to comments of the European Court of Auditors, the Council Conclusions furthermore call for (a) a results-based approach, with attention for monitoring and regular assessment of outcomes and commitments, (b) ensuring public information on EU budget support programmes, (c) strengthening of the risk management framework for EU budget support, (d) an enhanced substantive and continuous political and policy dialogue that 'should be complementary to and mutually reinforcing with EU dialogues on other issues' and (e) greater emphasis on supporting partner countries to prevent and fight corruption and fraud and the strengthening of their domestic oversight bodies.

3.7 The Union and Africa –away from the traditional donor-recipient philosophy

At the EU-Africa Heads of State Summit in Cairo of 2000, the Union committed itself to an EU-Africa dialogue and a strategic partnership with Africa that would go beyond the traditional donor-recipient philosophy. This dialogue would focus on peace and security, governance, regional integration and trade and, what were referred to as 'key development issues'. The Council agreed that working with the African content 'must assume a greater importance within the framework of the Union's common foreign and security policies' (Council (2004e)). Focus would be on contributing to the achievement of the MDGs, notably in the poorest countries, Africa's integration into the world economy, finding solutions to problems experienced by the most vulnerable countries and sustainable trade with Africa.

The Council also stressed the role of the African Union (founded in 2002) and the sub-regional organisations in African peacekeeping and conflict resolution efforts.[129]

In December 2005, the Council agreed to the Commission's Communication '*The EU and Africa: Towards a Strategic Partnership strategy*' (Council (2006a)). Like the European Consensus, this strategy was a common and co-ordinated European initiative and to be a framework for action for both Member States and the Commission.[130] Focusing on growth, trade and good and effective governance as well as the MDGs and the conditions needed to reach them (Commission (2006j)), it reflected the EU's position that Africans should steer Africa's development. Particular attention was paid to peace and security as key requirements for sustainable development (as was reflected in the earlier decision to establish the African Peace Facility) as well as interconnectivity. The Netherlands supported the principles of the Strategy as these were virtually identical to those of its own policy vis-à-vis the continent (KST 99760 (2006)). It was convinced that a common strategy would contribute to increasing aid to Africa and to deploying it more effectively (KST 91959 (2005)). At the same time, the Netherlands made clear that this EU strategy would not touch upon its own policy.

While in 2006 the Council reiterated its commitment to contribute 'to the African efforts to achieve the Millennium Development Goals' (Council (2006s)), progress in implementing the Africa strategy was slow. One important reason was that Africa and the European Union had different priorities: the African side emphasized mainly economic and trade issues, including those regarding external debt while the European side stressed peace and security issues. [131] At the same time, there was a resurgence of Africa's strategic importance, due to security matters or for economic reasons (oil and other raw materials) and the rise of new economic and political actors. On the European side, the CFSP and the European Security and Defence Policy, adopted in 2003, furthermore bore out the ambition for greater political projection of 'the EU-as-one' in the international arena. Against this background, a key political goal became by 2007 to transform the EU Strategy for Africa into a joint one.

In June 2007, the Commission therefore came with its proposal 'From Cairo to Lisbon – the EU-Africa Strategic Partnership' together with a Joint Commission-Council Secretariat Paper entitled '*Beyond Lisbon: making the EU-Africa partnership work*' and finally a draft of the Joint Strategy, its eight thematic partnerships and its first Action Plan (2008-2010) (Commission (2008a)). 'The Strategy aims to take dialogue and cooperation 'beyond development' (i.e. focusing on a wider range of policy areas, such as peace and security, energy or climate change), 'beyond Africa' (looking at a series of global issues which directly affect Africa's development) and 'beyond institutions' (involving a wider spectrum of non-traditional actors from civil society, the private sector and academia)' (European Parliament (2009d)).

[129] Council (2004e), (2005d), (2006s) and (2007m).
[130] It followed the European Council decision of June 2005 to provide more and better development aid, to increase the speed of implementation and to focus aid in particular on Africa by collectively allocating at least 50% of the agreed increase in ODA resources to the African continent, respecting the priorities of the various Member States (Council (2005d)).
[131] See e.g. ECDPM (2010a) and Tywuschik and Sherriff (2009).

The Joint Africa-EU Strategy (JAES) was signed in December 2007. The Netherlands was supportive but has not done too much in terms of supporting its implementation. Not unlike most other Member States, its position has been rather aloof.

The Strategy reflects both continuity and a break from the past. In terms of continuity, it reconfirms existing principles of cooperation, which can also be found in the Cotonou Agreement: ownership and joint responsibility, together with respect for human rights, democratic principles and the rule of law. Several of its thematic partnerships focus on topics that have been on the Africa-EU agenda for some time (e.g. peace, security, and governance) or even go back to the first Lomé agreements (e.g. economic development and trade). New elements are: (i) the aim to 'to reinforce and elevate the Africa-EU partnership to address issues of common concern'; (ii) Africa is treated as one – thereby going 'beyond the traditional sub-Saharan Africa/North Africa divide in EU external relations' (ECDPM (2008a)) – with the African Union as main partner; and (iii) the attention for continental integration (in addition to regional integration that has been on the agenda for some time).

Progress in terms of implementation of the Strategy has been found limited in terms of improving or expanding political dialogue.[132] There has been a tendency to confine political dialogue largely to bi-annual meetings, focusing on little else than peace and security issues. In fact, the Peace and Security Partnership is one of the few areas in which the cooperation has enhanced 'because there was already some kind of an enabling environment for effective dialogue and collaboration in place' (Bossuyt and Sherriff (2010)). Moreover, the EU decided that sensitive matters were to be dealt with outside the JAES framework (e.g. the economic partnership agreements) or only selectively and at a low level (e.g. migration) while the African side had difficulties to come up with a shared agenda. In addition, apart from the financing of administrative costs of the Strategy's working arrangements and funding set aside to build up the African Union, there is no agreement on funding for the implementation of the Strategy. Little success was also achieved in establishing the Strategy as the overarching political framework for Africa-EU relations as it continues to exist in parallel with other policy frameworks such as the Cotonou Agreement and the European Neighbourhood Policy.[133]

[132] See for example Holland (2008), Tywuschik and Sherriff (2009), ECDPM (2010a), Mackie et al (2010b) and Sherriff and Magelhães Ferreira (2010). Mackie et al (2010b) furthermore referred to difficulties experienced by development-oriented parts of the European Commission in pushing for substantial political dialogue on non- development issues managed by other parts of the Commission, and 'member states in Africa and Europe not seeing it as in their interest to fully engage and align with the JAES and African regional economic communities .. having only a marginal role' as well as the heavy institutional and management structure of the JAES. Mackie et al (2012) furthermore observe that '(if) the JAES is to remain one of the primary instruments for Africa-EU relations, there is an urgent need to address its current weaknesses and resolve the challenges hampering its success. At a more fundamental level, the partners need to ask themselves what is the real added value of the framework'.

[133] A review of EDF national plans in 2009-2010 made clear that 'the expected mainstreaming of JAES into national programmes and priorities had not taken place' (Commission (2011g)) showing a lack of ownership and reducing the strategy's potential political impact.

Nevertheless, the third Africa-EU Summit of November 2010 once more demonstrated the Union's commitment to the Strategic Partnership of 2007. According to the Commission, '(the) Communication 'Consolidation of EU-Africa relations: 1.5 billion people, 80 countries, two continents, one future', adopted few weeks before the Summit, had contributed to set the tone: it highlighted the urgent need to better cooperate on the international stage, to promote shared interests and take up together the new opportunities and global challenges in the areas of peace and security, climate change, regional integration and private sector development, infrastructure and energy, agriculture and food security, migration'(Commission (2011v)).

Summary of main findings

The period 2000 to 2012 has seen a series of important EU aid policies being developed and agreed upon at Council level. These include the European Community Development Cooperation Policy (2000), the European Consensus for Development (2005), the EU Code of Conduct on Division of Labour (2007), the Policy Coherence for Development – Establishing the policy framework for a whole-of-the-Union approach (2009) and most recently Increasing the impact of EU development policy: an Agenda for Change (2011). From a Dutch perspective, important are furthermore the policy developments on budget support and the policies related to Africa. Though the Netherlands may not always have achieved all that it wanted in terms of generic aid policies, by and large, both these policies, and what have been the core aims and principles of the Cotonou Agreement converge to a considerable extent with Dutch aid priorities. This is recapitulated in the following overview.

Dutch priorities	European Community's Development Policy (2000)	European Consensus for Development (2005)	EU Code of Conduct (2007)	Policy Coherence for Development (2009)	Agenda for Change (2011)	Cotonou Agreement (2000 and revisions 2005 and 2010)
Poverty alleviation						
Poorest countries – based on needs and performance						
Integration developing countries into world economy						
Country ownership and alignment with national strategies						
Values: human rights, governance, rule of law, democracy						
Political dialogue						
Security-development nexus						
Division of labour, sector focus and EU coordination						
Policy coherence for development						
MDGs						
Civil society involvement						

These aid policies reflect the consensus that was reached at European level. Both Member States, including the Netherlands, and Commission have played a role in their design. Frequently, the documents specifically request the Member States to use these policies as guidance for their own bilateral aid – at the same time they are not binding. While the Netherlands has agreed to these compromises, using the argument that development cooperation is a shared competence, it has not hesitated to state that they could not provide a straightjacket for its own bilateral aid and that it would not always be bound by it. This has been the case in relation to the strategy for Africa, the most recent Agenda for Change and with respect to budget support.

Several of the above policy statements have identified the areas in which 'the Community' had added value or comparative advantage. The number of areas has continuously expanded and little is excluded in this respect in the recent Agenda for Change. However, while in spirit with the Maastricht Treaty, the documents have consistently failed to identify whose added value or comparative advantage: Commission, Member States or the Union as a whole?

The importance of policy coherence for development has been increasingly recognised at EU level. Originally twelve PCD areas were identified, from agriculture and trade to migration. This was brought down to five priority areas in the Policy Coherence for Development – Establishing the policy framework for a whole-of-the-Union approach (2009) which reflected the priorities of the Union rather than those of developing countries: climate change, global food security, migration, trade and finance and security and development. Though the Commission has issued three reports on PCD since 2007, there is little evidence on the actual effects of EU policies in developing countries.

Until 2008, the Dutch position on budget support was synchronised with that of the Commission and with the agreements reached at Council level as reflected in e.g. the 2005 European Consensus and the European guidelines for the Accra High Level Forum of 2008. From 2008 onwards, the Dutch position has changed considerably as is evident from the non-papers on budget support and the reaction to the Commission's green paper on the future use of the instrument. By 2012, its position has turned 180 degrees in comparison with the early years of the new Millennium: also the Commission should refrain as much as possible from using it. Dutch hopes were in 2011 and 2012 that more selective use would result in lower EU aid budgets. To a certain extent, Dutch views are reflected in the focus on political conditionalities in the most recent Commission statements on budget support. These statements show that quite different from its earlier aims, i.e. increase pro-poor spending in developing countries, the instrument of budget support is supposed to tackle a vast range of development challenges – from reducing corruption to sector reform and state building. It is at the same time evident that the Commission, as agreed at Council level in May 2012, will continue to use it. The announcement of the Dutch state secretary for development cooperation in May 2012 that the Netherlands would vote against individual general budget support proposals is far from its earlier position that Member States should do away with micro management at comitology and working group level.

The Netherlands has finally supported the EU strategies vis-à-vis Africa of 2005 and 2007 but did not feel strongly bound by them and played only a minor role, not unlike other Member States, in the implementation of the Joint Africa EU Strategy of 2007.

Part II

Management matters

A banner with the writing: "Lomé Convention; a step along the road towards the liberation of the people of Africa, the Caribbean and the Pacific" describing the EEC/ACP Convention (1975)

4

Aid management reform – focus on Brussels

Introduction

At the start of the new Millennium, the Netherlands, like many others, was critical on the way in which the Commission was running its aid programmes: management was too centralized and bureaucratic, there was too little staff to handle a complex and fragmented aid portfolio, with little known of its results. Improvement was vital to increase aid effectiveness. This chapter provides an overview of the steps the Commission has gone through in changing the way it manages its aid flows since 2000. It aims to address the following main questions: (i) What were the institutional aid management reforms in Brussels following the May 2000 reform agenda and what developments have taken place in this respect following the signing of the Lisbon Treaty? (ii) What is the state of affairs as regard EU aid monitoring and evaluation? (iii) What changes have taken place in terms of aid transparency?

4.1 Reforming aid management – the May 2000 reform agenda

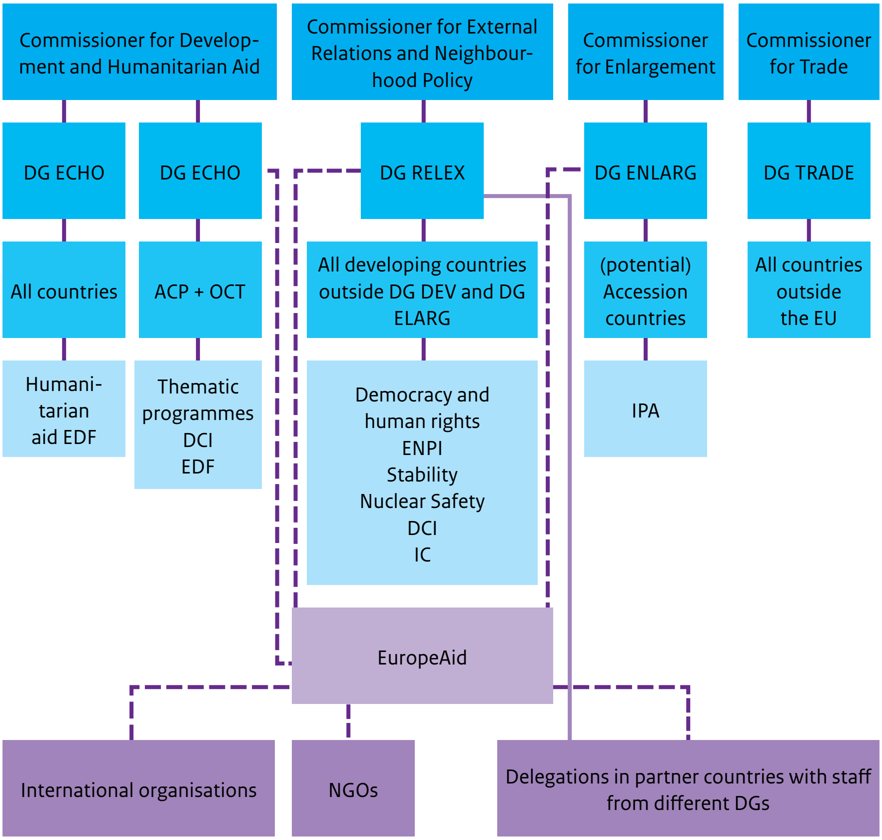
The Commission embarked on an ambitious reform of its aid management in May 2000. Overall purpose was to reshape the Commission's external relations services 'to equip them to meet the challenge of directly managing one of the largest and rapidly increasing chapters of EU expenditure' (Commission (2000b)). Its aims were to[134]: (i) reduce the time taken to implement projects; (ii) improve the quality and responsiveness of project management; (iii) ensure robust financial, technical and contract management procedures, and (iv) to improve the impact and visibility of EU aid. The main strands of the reform were[135]:

- A radical overhaul of the programming of external assistance.
- The reallocation of responsibilities between the geographical directorates general that were responsible for programming and a new implementing body to manage the rest of project cycle.
- Devolution of management to the Delegations and, where conditions permitted, the authorities in partner countries. The adagio was that 'anything that can be better managed and decided on the spot, close to what is happening on the ground, should not be managed or decided in Brussels'. Devolution would also help to address the problem of understaffing of the Delegations and allow them to assume aid management functions previously performed by technical assistance offices. Devolution was to go hand-in-hand with the introduction of more secure administrative arrangements.
- Integration of the project cycle, from identification of projects through full implementation, together with better quality assurance of programming and a bigger role for a strengthened evaluation function.

[134] Commission (2000b), (2001e) and (2004n); Court of Auditors (2001b) and (2005a).
[135] Commission (2000a), (2000b), (2001e) and (2002a); Court of Auditors (2001a) and (2005a).

- Comitology and working group procedures were to be adjusted so that discussions would focus on aid programming, questions of strategy, coherence and issues requiring European coordination upstream in the context of international discussions rather than the approval of individual projects.
- Measures to eliminate old and dormant commitments and to improve internal financial control and supervision.

Figure 4.1 *Development aid, distribution of responsibilities in the Commission (pre-2011 reform)*



4.2 Creation of EuropeAid

Centrepiece of the institutional reform was the establishment of EuropeAid in January 2001 as the single body in charge of aid implementation. Its creation aimed to integrate the entire operations cycle into one structure – from programme and project identification to results measurement – and to harmonise the management of all aid (OECD (2002)). EuropeAid became responsible for implementing the full range of the Commission's external aid instruments[136] and was to deal with project design, planning, implementation as well as reporting. The policy dialogue and aid programming remained with DGs for Development (DG DEV), External Relations (DG RELEX) and Enlargement (DG ENLARG). An inter-service agreement defined the roles and responsibilities of each DG. Figure 4.1 presents the distribution of tasks until the reforms of 2011.

With the reform, 'Brussels' was also responsible for overall coordination with other DGs, Member States and other EU institutions such as the European Parliament. In relation to the Delegations, it was tasked to support them on technical matters, monitor their activities and ensure coherence and quality of aid delivery, without getting directly involved in aid implementation. As highlighted by OECD (2007) and Frederiksen and Baser (2004), finding an appropriate balance between headquarters and Delegations in aid management has been an issue over the years.

As part of the reforms, an inter-service Quality Support Group (iQSG) and office Quality Support Groups (oQSGs) were set up in Brussels, bringing together Commission staff from various departments. The iQSG's general mandate is to improve the quality of the project/programme preparation and appraisal, as well as of the EU's country and regional strategies. It is to ensure that EDF programming documents meet minimum standards, take into account the results of evaluation studies, and address a range of development policy principles, ranging from country ownership to a focus on results (OECD (2007)). From 2006 onwards, the iQSG examines all EDF financing proposals in the identification and assessment phases. It now deals with all developing countries. Five oQSGs were set up for the ex-ante peer review of the quality of proposed EU operations before a financing decision was made. They were also to ensure reporting on and dissemination of conclusions and recommendations and the transfer of good practices.. According to the European Court of Auditors, establishment of these quality control mechanisms, together with the introduction of project cycle management guidelines and related training has indeed contributed to the quality of project and programme documents. That the quality of such documents has nevertheless remained an issue is evident from a series of Commission evaluation reports that conclude that decisions in project design and during project implementation were at times flawed. Design flaws were also evident from objectives that were (over) ambitious, given the foreseeable difficulties in the local context and the overestimation of local capacities. Design issues were also observed with respect to programmes for general budget support and EDF regional programmes that have suffered from poorly defined objectives, expected results and related indicators (Court of Auditors (2009a)).

4.3 Post-Lisbon reforms

A High Representative of the Union for Foreign Affairs and Security Policy

An important change, welcomed by the Netherlands, to the above institutional landscape came with the Treaty of Lisbon (see Text Box 4.1). This Treaty reflects, amongst others, the need for a

[136] Exceptions were the pre-accession programmes, humanitarian activities, macro-financial aid, the CFSP and the Rapid Reaction Facility.

more integrated, effective and visible EU foreign policy and for improved coherence of an increasingly explicitly formulated European foreign and security policy, of which external aid is an important element.

Text Box 4.1 *The Lisbon Treaty on international affairs*

The Treaty is expected to give the Union a clear voice in international relations and to promote European interests and values worldwide, while respecting the particular interests of the Member States in foreign affairs matters. The Treaty enhances the relatively vague formulations of the Maastricht Treaty on the EU's goals and the CFSP is reformulated as a competence of the Union. Development and humanitarian aid remained shared competences. The objectives of the Union' s external policies, from security and development to trade and environment, are worded as follows: (i) 'Union policy in the field of development cooperation shall be conducted within the framework of the principles and objectives of the Union's external action', which includes fostering 'the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty'; (ii) 'Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty' and (iii) '(the) Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries'.

The Treaty introduced several important organizational changes, amongst others in the EU's traditional pillar structure.[137] The intergovernmental pillar of the CFSP, managed by the Council Secretariat, and the Community pillar of external policies managed by the European Commission were drawn together in the same organisational structure. This is reflected in the new position of the High Representative of the Union for Foreign Affairs and Security Policy who is at the same time Vice-President of the European Commission (in short HRVP) and at the apex of 'a system which can articulate the EU's policies and positions' (Avery (2008)). To the Netherlands, merging the two functions would benefit the coherence and decisiveness of the Union's external action – something for which it had aspired (KST 116277 (2008)). The Treaty also implied that the EU's six-month rotating Presidency will have less influence on external policy: the HRVP chairs the Foreign Affairs Council instead of the rotating Presidency and represents the Union for matters relating to the CFSP, which is often referred to as the 'third hat' of the HRVP (Avery (2008)).[138]

[137] According to this structure, policy areas were formally divided into: community policies (1st pillar), CFSP (2nd Pillar) and Justice and Home Affairs (3rd pillar). Egenhofer et al (2011) consider the set-up as 'a 'particular innovation of the Lisbon Treaty' while to Missiroli (2010b), '(by) streamlining and partially 'merging' the pre-existing pillars through a personal union at the top, 'foreign policy' – such was the reasoning – could even become the new driver of European integration, with potential ripple effects in other areas'.

[138] Also the new President of the European Council has a role to play in the Union's external affairs. The Lisbon Treaty is however rather silent on the division of responsibilities between the President and the HRVP (Curtin and Dekker (2010)).

In December 2009, Catherine Ashton was appointed as HRVP. Her mandate is to guide a more political EU external action that brings the different EU external policies and instruments, including diplomacy, defence, development cooperation and trade, together in a consistent manner. The fact that the HRVP has a coordinating role in other areas of EU foreign policy, offers an opportunity for better integrating human rights in e.g. trade policies and development aid. At the same time, enlargement, trade and development have remained the responsibility of the relevant Commissioners and Commission DGs, though, as Vice-President of the Commission, the HRVP is expected to play a key role in ensuring coherence.[139] Together with the Council, the HRVP is furthermore to ensure compliance by the Member States with their obligations under the CFSP. Prime authority for policy choice in these areas remains with the European Council (which has been formally institutionalized and permanently chaired by a President) and the Council of Ministers.[140]

The European External Action Service

The Lisbon Treaty foresees that the HRVP is supported by a European External Action Service (EEAS), as the Union's diplomatic corps responsible for putting a coherent EU foreign policy into practice. It is also to assist the President of the Commission, the Commission and the President of the European Council and other institutions and bodies of the Union, in particular the European Parliament. Overall the Netherlands has supported its establishment, one of the conditions being that the EEAS was to include staff from the Member States' diplomatic services.[141]

While considered 'a milestone in the institutionalisation of EU foreign policy cooperation' (Duke et al (2012)), Member States have had diverging views on the EEAS mandate (see Text Box 4.2).

139 Furness (2010) observes in this respect that according to the Lisbon Treaty, HRVP and EEAS have a key role to play in policy coherence as 'the leitmotif for discussions on the post-Lisbon Treaty EU, and one of the main justifications for including development policy responsibilities in the EEAS' mandate'. However, '(the) EEAS can promote PCD in its own work but it cannot be expected to safeguard it, largely because it will have little influence over agriculture, fisheries and trade policies' and there remains a need for fully defining relations between the EEAS and the various parts of the Commission with an external relations mandate. See on this issue also Furness (2010), Drieskens and van Schaik (2010), Reisen (2010) and Duke et al (2012). The OECD underlined recently that '(the) value of the EEAS to the development agenda will depend on its ability to bring together the EU's many tools of influence. To do this well, the role of each EU actor must be made clear' (OECD (2012)).

140 In July 2010, the HRVP came with a declaration on the political accountability of the HRVP and the relations with the European Parliament (Council (2010m)). Members of the same Parliament have however been critical on how this has been handled so far (European Parliament (2012)).

141 See for example KST 116277 (2008). This support was reconfirmed in the Dutch most recent overall human rights policy (KST 32735-1 (2011)). Dutch aims were twofold in this respect: (i) Dutch diplomats could use their experience and vision to have a positive influence on European decision making; (ii) secondment would give them relevant knowledge and access to networks that would be useful upon their return to the Ministry of Foreign Affairs. The importance of this set-up was also recognized in the European Parliament (European Parliament (2009b) and Gavas and Maxwell (2010)). As Missiroli stated 'beyond the current turf battles and bureaucratic politicking, the EEAS is meant to become also an instrument for the cross-fertilisation of foreign policy-making across the EU and the inter-changeability between national and European administrations' (Missiroli (2010a)).

Text Box 4.2 *Diverging Member State views on the EEAS*

Smaller Member States' opinions (like Austria, Benelux, and the Visegrad countries) have made a plea to having 'consular services included in the responsibilities of the EU Delegations, enabling them to close embassies in some cases' (Furness (2010)).[142] They were also 'wary of the EU's 'big three' (France, Germany and the UK) creating and dominating a foreign policymaking apparatus outside Community control. The bigger three at the same time found themselves in a balancing act between a strong role for EU diplomacy while at the same time maintaining their own diplomatic networks and bilateral relations. They have been limiting HRVP and EEAS independence by keeping them closely tied to the Council. According to Blockmans (2012), they have been warning against 'competence creep' and opposing cost increases in EU external relations. This cost-consciousness is also evident on the side of the Netherlands.

In March 2010, the HRVP came with a proposal for a Council decision establishing the organisation and functioning of the EEAS (see Text Box 4.3). Consultations were thereafter opened with the European Parliament and agreement was reached in June. This was followed by a Council Decision establishing the organisation and functioning of the EEAS and approval in the European Parliament in July 2010. In September 2010, the Council finally stated that '(the) establishment of the EEAS should be guided by the principle of cost-efficiency aiming towards budget neutrality' and called upon Commission and HRVP 'to present budgetary proposals which are in alignment with this objective' (Council (2011a)).

[142] Also a BENELUX non-paper on the EEAS of April 2011 touches upon consular cooperation, suggesting that '(further) study is advisable of the possible support that the EEAS could provide in consular matters within the parameters set by the Treaty and the Council decision establishing the EEAS'. IOB's evaluation Consulaire dienstverlening doorgelicht 2007-2010 of April 2011 makes clear however that there is a long way to go: with the exception of European cooperation in case of emergency evacuations, there is hardly any European cooperation in consular services and Member States continue to provide these services (visa, travel advice, etc.) individually (IOB (2011a)). In 2012, the Netherlands confirmed its plea for increasing the Service's consular tasks though it was realized that its human resources and expertise were still limited and a number of Member States were against an EEAS role in this respect (KST 33400-V-2 (2012)). Vooren and Wessel (2012) observe in this respect: 'Some Member States have a strong interest for EU Delegations to develop a capacity for consular support for EU citizens, whereas others are clearly opposed to the EU taking such a role, since they see this as a purely national competence. What is certain from the perspective of the EEAS is that if the Union wishes to pursue such a role for EU delegations abroad, significantly more financial and human resources will need to be allocated to the EU diplomatic service'.

Text Box 4.3 *The HRVP's proposal on the EEAS*

The HRVP's proposal refers to the EEAS as 'a functionally autonomous body of the European Union, separate from the Commission and the General Secretariat of the Council'. [143] It refers to the role of the EU Delegations vis-à-vis the EU institutions and their cooperation with the diplomatic services of the Member States and the future staffing of the EEAS. Moreover, 'the EEAS shall contribute to the programming and management cycle of all geographic financial instruments in the external relations field, except the European instrument for pre-accession assistance.' At the same time, the 'whole cycle of planning and implementation of these instruments' remained under the authority of the Commission. Programming documents for the EDF 'shall be prepared by the relevant services in the EEAS and the Commission' under the direct supervision and guidance of the Commissioner for Development. Horizontal communications on development policy will be prepared by the relevant Commission services under the guidance of the Commissioner for Development.

The EEAS was launched on 1 December 2010. As of 1 January 2011, the geographical desks for all third countries from the DG RELEX and part of DGDEV were transferred together with staff from other entities.[144] In terms of organisation, the EEAS comprises five geographic directorates (Asia, Africa, Europe & Central Asia, North Africa, Middle East, Arabian Peninsula, Iran and Iraq, and Americas). A sixth directorate deals with global and multilateral issues (including human rights, electoral observation, aid coordination and conflict prevention) and a seventh one is in charge of crisis response and operational coordination.

The proposed EEAS budget for 2011 was EUR 476 million.[145] In 2011, the EEAS had some 3,270 staff of which 1,960 at an EU Delegation. This is comparable to the staffing of the medium-sized member states (Emmerson (2011)). Reflecting a RELEX legacy, the number of senior positions awarded to people from the newer Member States or women is limited. That recruitment has 'been marked by jockeying for senior positions' (Duke et al (2012)), may affect 'the desired 'buy in' and a sense of '*esprit de corps*' and responsibility that is to emerge within the Service, which is composed of diplomats with a differing mind-set and coming from various organisational cultures. While there is a 'significant vacancy rate' for

143 The EEAS is referred to as a sui generis stand-alone structure, distinct from both the Commission and the Council, i.e. a 'service' in its own right, 'whose status and modus operandi will be original and distinct from existing models, and whose budget will be comparable to that of an 'autonomous institution' (Missiroli (2010a)).

144 Including the staff from the Council's General Secretariat, the High Representative's Policy Unit, the Military Staff and Directorate General E (external and political-military affairs) and senior EU Delegation staff.

145 According to Emerson et al (2011) this is equal to EUR 1 per capita of the EU population compared to an average of EUR 15 for the 27 diplomatic services of the individual Member States, suggesting that there is scope for economies of scale.

established positions (European External Action Service (2011)), an issue is that the target of recruiting at least 30% of EEAS staff from the Member States was still far off by April 2011. A review of the EEAS is to be presented by the HRVP by mid-2013. As observed by Krätke and Sherriff (2012), 'the challenge will be first to elaborate and propose a politically satisfactory scope for the review, which, second has a credible methodology that seizes the opportunity for learning and accountability'.

Establishing the DG for Development and Cooperation

With the establishment of the EEAS, DG RELEX ceased to exist, and the remainder of DGDEV was merged with EuropeAid to become the DG for Development and Cooperation (DEVCO). Operational since June 2011, DEVCO is headed by the Commissioner for Development (Andris Piebalgs). Contrary to the pre-Lisbon past, this Commissioner is responsible for formulating development policy for *all* developing countries and delivering aid throughout the world. After several years of separation going back to the late 1990s, development policy-making, policy dialogue at sector level and policy implementation are again united in one DG.

As of January 2013, DEVCO's organisational structure consists of three policy and thematic directorates, five geographic directorates and one support directorate. Dealings with ACP countries are spread over four geographic departments, i.e. East and Southern Africa and ACP coordination, West and Central Africa, Latin America and Caribbean and Asia, Central Asia, Middle East/Gulf and the Pacific. The former units on policy coherence for development and EU aid effectiveness have been merged. Its Directorate A 'Development Policy' includes the Joint Evaluation Unit, a unit for policy and coherence and the secretariat of the management committees that exist for the various financial instruments.
State of affairs and issues

It is too early judge whether the EEAS has been able to realize what it was set out to do: 'the dust still needs to settle' (Blockmans (2012)) as was also recognized by the HRVP in her report of December 2011 (EEAS (2011)). Nevertheless, twelve EU Member States, including the Netherlands[146], expressed their concern about some of the main problems faced by the EEAS in their Non-paper on the EEAS of 8 December 2011. Concerns have also been raised in academia. The main issues of strategy and aid management are in brief the following.

In its foreign relations, the EU has a 'plethora of strategies but no strategy', but more 'a canon of basic strategic documents'.[147] Defining a vision and strategic medium and long-term objectives is vital to address the 'inter-connected challenges of the 21st century:

[146] Other signatories were Belgium, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Poland and Sweden.

[147] See on this issue Grimm (2009), Keukeleire et al (2010), Duke and Courtier (2011), Concord (2011), Blockmans (2012) and Duke et al (2012). Mackie et al (2012) state in this respect that despite the steps towards institutional foreign policy reform, ' its intent to adopt a comprehensive approach and regional strategies has delivered little more than a range of loosely connected and repackaged implementation mechanisms'.

regional stability, arms control, environmental protection, energy security, climate change, poverty and inequality and migratory flows' (Howorth (2011)). Furness (2010) in this respect observed that 'it makes little sense to bring development, external relations and foreign policy together under one roof without a clear conception of what exploiting their synergies is supposed to achieve' and that 'aside from broad principles there is still little agreement among Europeans on what an effective and realistic international strategy should be'.

Fuelled by the Draft Council Decision on the EEAS of March 2010, the division of work on aid between EEAS and the Commission has been the subject of debate. The main fear was that uniting in one institution (EEAS) (i) common external policies and priorities that are primarily geared to the protection and promotion of European interests and (ii) development policy functions, geared towards addressing poverty, could compromise the effectiveness of either policy and/or the use of EU development budget to finance activities that were not primarily focused on development.[148]

In a more practical sense, the above issue relates to the division of responsibilities between the EEAS and DEVCO in aid programming. The Council Decision establishing the EEAS implies that for several thematic and geographic external assistance instruments, including the EDF[149], the EEAS, under the guidance of the Development Commissioner, has co-responsibility for preparing Commission decisions in: (i) setting country and regional allocations; (ii) the preparation of country and regional strategic papers as well (iii) the preparation of multi-annual national and regional indicative programmes. While HRVP and Commission are to submit programming proposals for the EDF and the geographical instruments of DCI to the College of Commissioners together, the Commission is responsible for annual programming and aid management (from contracting to M&E). To regulate the relations, mid-January 2012 an inter-service agreement was signed between the EEAS and DEVCO with guidelines for the programming of development aid following later in 2012.[150] While this agreement helps to set out the rules, implementation challenges remain, amongst others in terms of: (i) an observed lack of capacity to work effectively towards development objectives in both the EEAS and DEVCO; (ii) EEAS' capacity to mainstream development concerns and (iii) DEVCO's limited capacity to provide sectoral quality support, operational guidance and ensure policy coherence (Seters and Klavert

148 See amongst others Messner and Faust (2004), Eurostep (2009), Mackie (2010), Mekkonen (2010), Duke and Blockmans (2010), Drieskens and van Schaik (2010) and Furness (2010). This has in fact been a concern since the early years of the New Millennium, especially after the adoption of the European Security Policy in 2003 with EC aid increasingly seen as promoting the (security and economic) interests of the EU rather than tackling global poverty and promoting development, a considerable share of EU ODA not going to the poorest countries in the world, but rather to middle-income countries in the EU's neighbourhood and a mounting fear that ACP/LDC interests would slide down the EU agenda.

149 Other instruments are the geographical part of DCI, ENPI, EIDHR, the Instrument for Cooperation with Industrialised Countries, the Instrument for Nuclear Safety Cooperation, and part of the Instrument for Stability. Programming of thematic budget lines (e.g. on food security), policy development and implementation is with DEVCO.

150 For further details on the inter-service agreement see Görtz and Keijzer (2012).

(2011)). Streamlining relations between EEAS and DEVCO at the level of the EU Delegations remains an issue as well.

Council and Committee changes

Following the European Council meeting of Seville, the Development Council was incorporated into the General Affairs and External Relations Council configuration (dealing with foreign affairs, defence policy, foreign trade, development cooperation and humanitarian aid). While initially against, by 2003 the Dutch position was that this integration was an advantage, provided that development topics would be sufficiently visible.[151] In 2009, the Council figuration dealing with aid changed once more, with the General Affairs and External Relations Council split into a General Affairs and a Foreign Affairs setting.

For many years, an issue has been the functioning of the EU comitology in Brussels – including the EDF committee. Already in 1998, OECD reflected critically on the focus on 'project-by-project approval' and 'micro-management' that prevented attention to broader policy and results-oriented discussions (OECD (1998)). In 1999, also the Council was in favour of 'an increased role of the committees in strategic and sectoral issues', which would require a re-thinking of the committees' work on the approval of individual projects (Council (1999b)). Two years later the Council was determined 'to refocus management committee tasks on the strategic aspects of cooperation' (Council (2001e)). In 2002, OECD suggested that EU institutions in Brussels, including Parliament, the Management Committees, and the Council of Ministers, needed to consider how they would 'provide a strategic oversight of the outcomes, rather than trying to set targets for inputs' (OECD (2002)). This tallied with the position of the Netherlands at the time: the Council should not get involved in micro-management and Commission working groups and committees were to become a platform to discuss the implications of broader policy initiatives or of the country strategy papers rather than for assessing each project proposal separately. Commission proposals in 2006 to give the EDF committee a more strategic role were therefore met with Dutch approval.

Not much changed however and in 2007 OECD repeated its earlier recommendations 'to improve and consider streamlining the different levels of oversight they exercise over development operations to enable the Commission to further improve its effectiveness and performance' (OECD (2007)). Oversight 'should be structured so as to be strategic, streamlined and supportive of Commission operations'. Again five years later, OECD reiterated its position that the oversight from both the Council and the European Parliament 'could be made more strategic and focus more on the expected results, beyond controlling inputs and outputs', since current detailed scrutiny 'leads to micromanaging the programme and hampers its effective delivery in the field (delays, lack of flexibility to respond to emerging needs, time-consuming procedures)' (OECD (2012)).

[151] In October 2012, the Development Ministers of Denmark, Finland, Germany, the Netherlands, Poland and Sweden suggested the HRPV to hold the development meetings on a separate day from the Foreign Affairs Ministers' meeting.

4.4 Aid Monitoring & Evaluation

The Netherlands has repeatedly advocated for an improved and independent evaluation of aid delivery.[152] In 1999, also the Council recognized that 'performance-based monitoring needs to be improved and extended' and that the evaluation function needed strengthening. Likewise the European Court of Auditors identified the need to improve the Commission's monitoring and support role. The Commission was to ensure the independence of the Evaluation Unit, 'which should also be reflected in the organisational set-up', and that evaluation results would be published 'or at least accessible to the interested public' (Court of Auditors (2001a)). The Commission was also asked to come up with a 'performance-based monitoring system including qualitative and quantitative performance indicators'. Against this background, the following paragraphs give an overview of the changes that have taken place in monitoring and evaluation.

Monitoring

At the start of the new Millennium, the Commission introduced a monitoring system that would apply to all external aid programmes: the Results-Oriented Monitoring system – the ROM. The system was to be in addition to other monitoring activities that Commission staff undertook (including monitoring, review and reporting of programmes, mid-term reviews (see Text Box 4.4), external action management reports and monitoring reports for individual projects). It was to be used as an alternative and/or complement to full blown evaluations and to contribute to the EuropeAid's assurance that funds were used for the intended purposes. Until June 2011, the ROM was the responsibility of EuropeAid, currently it comes under the aegis of DEVCO.

Test Box 4.4 *EDF Reviews*

For the EDF, a key overall monitoring instrument are the reviews: annual reviews, a mid-term review (MTR) and an end-of-term review (ETR) that are to be carried out with the partner government. The Cotonou Agreement foresees that in some countries mid-term reviews may lead to a change of the strategy, a change in the focus of country programmes and/or to a revision of the country allocation. For the 10th EDF, the reviews, which constitute an integral part of the programming process, are regulated by Article 5 of Council Regulation (EC) No 617/2007 of 14 May 2007 (Council (2007j)). A MTR was conducted in 2004 and 62 ACP countries were subjected to a full review. Outcomes provided a basis for supplementing or reducing the A envelopes. It looked at absorption capacity, performance in focal sectors, and progress in reforms. The assessment led to a net increase for 17 countries, a decrease for 15, a transfer between Envelopes B and A for 13 and to no changes for the remaining 17 (Commission (2005i)). For the 10th EDF, the MTR was done in 2009 (Commission (2010v)). In this case, 19 countries were to receive additional EDF funding, three would see their funding reduced while for 12 the review initiated a change in cooperation strategy (Commission (2011g)).

[152] See for example KST 35321 (1999), KST 41492 (1999), KST 35637 (1999), KST 54809 (2001), KST 61941 (2002), KST 62692 (2003) and KST 80600 (2004).

The ROM is based on short, on-site assessments that are done by independent experts that are externally contracted through framework contracts. Projects and programmes are appraised against the usual OECD/DAC criteria of relevance, efficiency, effectiveness, potential impact and likely sustainability. For each project, a short report provides an overall assessment and recommendations for improvement. The annual costs of the ROM are estimated at some EUR 17 million. The system covers some 600 projects per year in ACP countries (see Table 4.1). These are on-going projects with a minimum EU contribution of about EUR 1 million; for projects funded below this threshold a sample of 10% is assessed. The ROM was extended to examine projects after the Commission funding period has ended (ex-post ROM) and to cover sector approaches and budget support (Commission (2006j)).

Table 4.1 ROM implementation 2002-2010 in ACP countries

	2002	2003	2004	2005	2006	2007	2008	2009	2010
No of countries	40	44	n.a	62	68	77	38	n.a	n.a
No of projects	262	293	302	369	485	n.a	210	507	671
No of reports	298	325	n.a	365	511	n.a	221	435	n.a
EUR mln covered	2,911	3,011	3,006	4,109	5,218	5,964	1,848	4,211	4,059

Sources: Commission (2003i), (2004o), (2005q), (2006v), (2007s), (2008t), (2009t), (2010aa) and (2011ac).

While OECD (2012) refers to the potential usefulness of the ROM that should be explored better, it also mentions doubts expressed at Delegation level on the usefulness of ROM recommendations; similar remarks were made during the country visits. At country level 'further efforts could be made to ensure that the analysis and the recommendations provided to Delegations is more useful … in terms of identifying issues that need to be addressed to ensure projects are on track to meet their objectives' (OECD (2012)). In its Special Report No 1/2011, the European Court of Auditors (Court of Auditors (2011b)) observed first of all that 'the assessment of quality within the ROM system is necessarily dependent on the specific methodology used' – with the methodology changing in 2009. Secondly, the system, which was originally designed to monitor individual projects, has limited use for the purpose of measuring the *overall* performance of the Commission's aid portfolio. It is not a reliable instrument for making comparisons between years and its coverage is limited and too much focused on projects and not on budget support for which there is no ROM methodology.[153]

[153] According to the Commission 'the aggregation of ROM data on the portfolio as a whole was added as a proxy indicator for an overview of the portfolio's performance; however, this is not ROM's primary purpose.' Along the same lines, ICAI (2012) observes that 'the ROM serves multiple purposes which are not consistent with each other' (i.e. from providing a 'quick overall portfolio assessment to help decision-making' to providing a 'basis for external accountability') and that, 'given that projects are selected in different ways, the summarised data are not comparable enough to provide a robust basis for overall conclusions'.

Furthermore, the limitations of the system have not been adequately compensated for by the use of other tools such as quantitative evaluations, implying according to the Court, that 'they cannot be used as part of the quality measuring system'. Late 2011, the Council invited the Commission to strengthen its monitoring and evaluation systems.. in order to improve its systems and procedures for reporting on results and impact' (Council (2011e)). In its annual report on 2011 the Commission has recognized that there has been no 'systematic coordination or clear division of labour' between centrally managed ROM and the project and programme evaluations that are managed by the Delegations (Commission (2012c)). The Commission announced moreover that it 'has embarked on a critical reflection on the strengths and weaknesses' of the two.

Evaluation

With the reforms that started in 2000, the Joint Evaluation Unit (JEU) was set up within EuropeAid. Its overall tasks are: (i) planning and managing the implementation of evaluations of strategies, themes, programmes, and implementation modalities; (ii) communicating evaluations' conclusions and recommendations and monitoring their actual implementation; and (iii) ensuring the permanent evolution of methods and providing methodological support to e.g. the EU Delegations that launch project evaluations ('decentralised evaluations'). Multi-annual evaluation strategies were adopted for the periods 2002-2006 and for 2007-2013 plus an evaluation work programme for the years 2012-2014. In 2001, the Unit had a budget of close to EUR 5 million. Currently this is around EUR 4.8 million supplemented by some EUR 18 million of 'decentralised evaluations, managed by implementing teams' (OECD (2012). Staffing of the unit increased from 8 evaluation managers in 2002 to 12 at present, which is less than the evaluation department of the Dutch Ministry of Foreign Affairs and small in comparison with its mandate. Regular meetings take place between the JEU and evaluation units of the Member States; they also meet within framework of the OECD/DAC evaluation network. Joint evaluations, involving Commission and Member States, are undertaken (e.g. in Mali, Zambia and Tanzania) but still to a limited extent.

In 2000, the Commission decided to reposition the evaluation function 'to strengthen its independence and to ensure its findings are used more effectively' (Commission (2000e)) and in 2001, EuropeAid's Governing Board took over responsibility for the JEU. In 2002, the UK House of Commons described the position of the Unit not as independent, 'but as having an independence within the Commission' (House of Commons (2002)), a position that was found not too dissimilar to what existed at DFID at the time. According to a comparative study published in 2007 on evaluation practices across nine development agencies, the JEU operates as a so-called 'separate unit model', making the Unit not subordinate to management, operational or policy departments. The Unit employs external consultants to do the job through a system of framework contracts with a quality control function exercised by the JEU. Some concerns were expressed as to whether these consultants were sufficiently critical of agency actions (Foresti (2007)). With the 2011 reforms, the JEU has become part of DEVCO's Directorate A and is reporting at a lower level than in the previous configuration. Although the Cotonou Agreement stipulates amongst others that '(without) prejudice to evaluations carried out by the ACP States or the

Commission, this work will be done jointly by the ACP State(s) and the Community', evaluations are done on behalf of the Commission only, though debriefing sessions are held with the partner countries' authorities once the exercise is over.[154]

Since 1998, evaluation reports are published on the European Commission's website, together with an evaluation summary, a quality assessment of the evaluation by the JEU and often a reaction to the recommendations by the services concerned – the so-called *fiche contradictoire*.[155] A summary of the findings is included in the Commission's Annual Report to the Council and the European Parliament. This is not the case for the decentralised evaluations for which the JEU may provide advice but of which it lacks at present the necessary oversight in terms of quality and findings. Table 4.2 gives an overview of the number of JEU evaluations conducted between 2000 and 2011 that either cover or include ACP countries.

Table 4.2 Evaluations commissioned by the JEU in the period 2000 – 2011

	ACP country	ACP regional	Thematic	Channel	Sector	Other	Total
2000	5	2	4	1	1	21	34
2001	3	1	3	1		5	13
2002			3		3	3	9
2003	1		1		2	4	8
2004	2				5	5	12
2005	2	1	1			2	6
2006	6	1	1		2	5	15
2007	1	2			2	7	12
2008	1	2	1	3	1	1	9
2009	6					7	13
2010	5			1	1	4	11
2011	3		1		3	5	12
Total	**35**	**9**	**15**	**6**	**20**	**69**	**154**

[154] This is in line with Council Regulation (EC) No 617/2007 of 14 May 2007 stating that evaluations 'shall be conducted in association with the partner country or region and in coordination with the Member States locally represented'.

[155] The '*fiche contradictoire*', mandatory since November 2001, captures the recommendations made on the basis of the evaluation findings and the reaction of the Commission services concerned. An assessment conducted in in 2008 (see Hanberger and Gisselberg (2008a), and (2008b)) indicates that the usefulness of this management response system has been limited. According to OECD (2012), the Evaluation Unit does not have a clear overview of the extent to which their recommendations are accepted and used to inform new policies and programmes.

Country evaluations conducted over the years have observed a series of constraints affecting the evaluation of country programmes. The main issues in this respect are:

- A lack of reliable baseline data, consistent and up to date statistics as well project and/or sector evaluations, though the situation was improving in some countries. As a result, impact evaluation was either not done or done on the basis of limited and primarily qualitative information obtained during field visits and interviews.[156]
- Difficulties in getting the appropriate data from the Commission's Common RELEX Information System, one reason being that this system 'is primarily structured to meet financial reporting purposes' and that '(it) does not provide a strong basis for supporting comparative information on results' (ICAI (2012)).
- Problems in getting data on older projects and programmes, for which at times no proper indicators had been identified. This was compounded by a poor institutional memory as a result of significant staff turnover at EU Delegations and, at times, other stakeholders.
- Too few resources set aside for the evaluation, including short periods 'in the field'.

4.5 Transparency

The importance of aid transparency is increasingly being recognized.[157] With respect to the transparency on EU aid, the late 1990s saw considerable critique, also from the Netherlands: information on programmes in the ACP countries was difficult to obtain or not available and was primarily descriptive, the Commission's website was underutilised and evaluation reports saw little wider dissemination. The Council asked the Commission to step up information dissemination and to prepare an 'overall annual development report' on EU aid that would 'inform the Council and Member states about the results and achievement of Community development assistance in order to strengthen accountability, transparency and visibility' (Council (1999b)). The following paragraphs depict the main changes since then.

The Commission has increasingly used Internet as its main source of information. The policy evaluation confirms that this website indeed includes a wealth of (evaluation) reports, annual reports and policy and working documents. At the same time, not all pages are up-to-date. Information on country level developments is moreover less forthcoming: while country strategy papers are generally available, this is not (always) the case for annual

[156] On results and impact, already in 2005, the Commission had recognised that more remained to be done in terms of sector-level and region-level aggregated monitoring of results and impact (Commission (2005b)). At the same time it acknowledged that measuring the impact of Commission aid was not easy, as it was difficult to isolate its contribution from those of others and the effects from changes in the overall context in which its aid figured.

[157] On EU aid, OECD (2002) underlined the importance of information on aid delivery; ten years later, it reconfirmed that 'with increased public scepticism and more intense scrutiny, measuring and communicating development results is even more important' (OECD (2012)). See also Killick (2004), Faust and Messner (2007), Easterly and Pfutze (2009) and Ghosh and Kharas (2011). Aid transparency, is also one of the conditions for putting the Paris Agenda into practice and one of the commitments made in the Accra Agenda for Action.

reports, or financing agreements. Neither the ROM reports nor the reports on decentralized evaluations are published and only shared between Commission and the partner countries. The same is true for the country reviews.

Since 2001, aid reporting has been stepped up. EuropeAid's 'Report on the Implementation of the European Commission's External Assistance' (Commission (2001e)) was the *first* Annual report on EU foreign aid and 'very much a work in progress'. The Commission has continued to prepare similar annual reports until today. The reports provide general information on the developments in EU aid policies and aid management, specific events during the year, the evolution of the Cotonou Agreement and the different EDFs as well as information on type and volume of (planned) support for specific countries, sectors and/or themes. Information on results is occasionally provided but (very) limited. On (net) outcomes it is virtually absent, apart from the occasional, illustrative highlights on a particular project or programme.[158] Over the years, the Council has welcomed these annual reports but has persistently asked additional information and analysis on[159]: (i) results, outcomes and impact of Commission aid; (ii) MDG realisation; (iii) cross-cutting issues such as human rights, gender, and environment; (iv) follow-up given to the European Consensus on Development and Code of Conduct on Division of Labour; and (v) PCD issues. Questions have also been raised as regards 'the objectivity of the information provided' – similar remarks have been made on the bi-monthly *ACP-EU Courier*.[160]

EuropeAid, DGDEV and DG RELEX have furthermore published their own annual, primarily managerial, reports. These are accompanied by financial reports and are the main input for the audits of the European Court of Auditors. In addition, annual reports on the implementation of operational EDFs are prepared by EuropeAid and published in the Official Journal of the European Union as well as on Internet, together with the annual Final Accounts of the operational EDFs.

[158] On reporting, Council Regulation (EC) No 617/2007 of 14 May 2007 stipulates that the Commission 'shall submit to the Council an annual report on the implementation and results and, as far as possible, the main outcomes, results and impacts of the assistance' (Council (2007j)). The report 'shall assess the results of the assistance on the eradication of poverty, using as far as possible specific and measurable indicators of its role in meeting the objectives of the ACP-EC Partnership Agreement'. Particular attention shall be given to progress made towards achieving the MDGs and implementing the principles of coordination, ownership and aid effectiveness 'and cover the accompanying measures of the Economic Partnership Agreements'.

[159] See Council (2004b), (2005g), (2006r), (2007n) and (2009m).

[160] The EDF budget finances the ACP-EU Courier. From April 2004 to mid-2007, publication of the Courier in hard copy was suspended and an Internet version (the so-called **'eCourier') was published instead** (June 2005 - January 2007), after which the paper version was re-launched. Electronic copies can be found at http://www.acp-eucourier.info.

Commission and Member States also established the so-called EU Transparency Guarantee as part the Common Position for the 4th High Level Forum on Aid Effectiveness that was held in Busan, late 2011.[161]

Like the Netherlands, the Commission has joined the International Aid Transparency Initiative (IAITI, 2008) which 'aims at improving transparency of aid activities so that aid agencies may become more accountable to their own constituencies and to recipient of foreign aid' (Faust (2011)). The Commission has started providing data for IATI as of 2011.

As a result of the efforts made, the 'Pilot Aid Transparency Index 2011 – Publish what you fund' ranked EuropeAid high and better than average on organization level transparency and reasonably well and above average on activity level transparency but considerably less so (though still average) at country level. At country level, the Index confirmed the issues identified above. On transparency, Ghosh and Kharas (2011) have ranked the Commission as 4th, after IDA and Australia, but above the Netherlands (10th) and the UK (13th). Also the UK multilateral aid review assessed the Commission as satisfactory in terms of performance on transparency and accountability overall even though 'it does not currently consistently pro-actively publish all relevant programme and project information'. The Netherlands has appreciated the increased transparency in recent times as well (e.g. KST 21501-04-139 (2011)).

161 According to this guarantee, '(in) order to increase aid transparency, the EU will: (i) Publicly disclose information on aid volume and allocation, ensuring that data is internationally comparable and can be easily accessed, shared and published. (ii) Make available to all stakeholders indicative forward-looking information on development expenditure at country level on an annual basis. (iii) Make available to partner countries disaggregated information on all relevant aid flows, so as to enable partner countries to report them in their national budget documents and thus facilitate transparency towards parliaments, civil society and citizens' (Council (2011h)).

Summary of main findings

The management reforms initiated in Brussels in 2000 entailed the establishment of EuropeAid to manage the entire aid operations cycle, the introduction of an aid quality control function and strengthening of the Commission's (financial) management and oversight functions. Over the years, both the European Court of Auditors and OECD have positively assessed the steps taken in these areas, though the quality of programme and project documents has remained an issue.

The Lisbon Treaty has resulted in a major change of the landscape in Brussels with the nomination of the HRVP in December 2009, the formal launch of the EEAS one year later and the establishment of DEVCO mid-2011. While this is too recent to give a final opinion on the results accomplished, a series of issues has transpired in terms of (a) need for overall strategy, (b) staffing of the EEAS by Member State diplomats, and (c) demarcating responsibilities between the EEAS and other DGs with an external mandate. Whether the EEAS review programmed for 2013 will address them remains to be seen.

Though the reform of comitology and working groups in Brussels has been on the agenda for some time, OECD peer reviews make clear that little has changed. There continues to be a focus on micro-management. The announcement by the Netherlands that it will use comitology to closely follow (and vote against) individual general budget support proposals reduces hopes on reform in the near future.

A Results Oriented Monitoring (ROM) system was introduced in the early years of the new Millennium. It was designed to monitor individual interventions – not for providing aggregate information. It has therefore limited use for the purpose of measuring the overall performance of the Commission's aid portfolio. As mentioned by both OECD and the European Court of Auditors, there remains a need to supplement the ROM through other instruments.

The call for a completely independent external aid evaluation service has not been honoured even though the Joint Evaluation Unit is not subordinate to management, operational or policy departments. Member States' stress on improving the evaluation function has not translated into making more resources available. Relative to the aid envelope it is to cover, the JEU, while focusing on more strategic evaluations, remains relatively small, both in terms of staffing and budget. Major components of the EDF (including e.g. the Facilities under the Intra ACP instrument) have not been evaluated. Moreover, the JEU lacks oversight of decentralized evaluations done elsewhere in the system. While rigorous impact evaluation is rarely done, the JEU has played an important role in developing methods for the evaluation of general budget support.

Commission aid-related information flows have improved over the years. Most of the information concerns policies, plans, regulations, and financial commitments, with insufficient data on spending, results and (net) outcomes. This also concerns the annual reports on the European Community's development and external assistance policies and their implementation. While public information overall has improved, the changes in public information at country level have been variable and more limited.

5

Aid management at Delegation level

Introduction

Devolution[162] of aid management from Brussels to the Delegations, in parallel with the creation of EuropeAid, was a key ingredient of the reforms of 2000. It was seen as a necessary condition for fostering country-level cooperation between the Commission and EU Member States as well as other donors and, in the end, for ensuring greater relevance and impact of EU aid. This chapter focuses on three main questions: (i) What has been the process of devolution? (ii) What is the current state of affairs in terms of aid management by EU Delegations and what are the main issues at this level? (iii) Did the devolution accomplish what was intended?

5.1 The devolution process

Devolution of aid management tasks to the Delegations was based on the Commission's Communication concerning the development of the external services (Commission (2000g)). This Communication responded to Council requests for changes in the Commission's management culture and, in particular, its position 'that Delegations need clear and broadened responsibilities, more decision-making powers, and sufficient resources for their work' (Council (1999b)).

In terms of implementation, it was agreed that from 2001 onwards, the 78 Delegations were to be given more management authority for the Commission's geographical programmes (like EDF) and greater capacity to assume this authority. Devolution was planned in a series of consecutive 'waves' from 2002 onwards[163] and by the end of 2005, all 44 Delegations in ACP countries were responsible for directly managing some 80 % of EDF disbursements. In 2009, EuropeAid reported that '(the) portfolio managed by Delegations comprises around 81% of geographical and 70 % of thematic budget lines with respect to Budget funding and 86 % with respect to the EDF'(Commission (2009m)).

In 2005, the European Court of Auditors (2005a) found the Commission's management of the devolution process as 'reasonably successful' but that the financial implications of the entire reform were not entirely evident. By 2007, OECD observed that the devolution of aid management was highly appreciated by Community partners in the field and had 'played a major role in improving the efficiency of Community operations' (OECD (2007)).

162 The Commission defined devolution as follows: 'devolution, i.e. delegating executive responsibilities to Community public bodies (executive agencies) conceived as part of an expanded Community administrative architecture' (Commission (2000f)). Devolution at EU level took place later than in the case of the Netherlands (1997) and was initiated at around the same time as in the UK and Denmark (OECD (2009)).

163 In parallel with the devolution, a series of key instruments was introduced to ensure Brussels' monitoring of what was happening in the Delegations, including 3-monthly external assistance management reports, annual management plans, and audits of internal control systems. The so-called Technical Assistance Offices were indeed closed.

5.2 The current state of affairs

With the entry into force of the Lisbon Treaty, the Commission's Delegations have become Union Delegations and are part of the EEAS structure: they are the Union's 'diplomatic antennas' (Austermann (2012)). The big difference is that they now have the mandate to represent the European Union in its entirety – not solely the Commission. In addition to their earlier (development) work, they deal with the Common Foreign and Security Policy and the European Security and Defence Policy as well. EU Delegations now include a political section (EEAS staff) and an operations section (Commission staff) and are headed by an EEAS Head of Delegation. Their potential role is threefold[164]: (i) provide Brussels with information and analysis of developments on the ground, contacts with local actors and a reinforced outreach; (ii) coordinate the work of Member States' embassies and (iii) 'represent an authoritative interlocutor to third country governments and societies in all areas of cooperation, with positive consequences on the EU's image abroad'. However, this requires, in addition to getting the necessary a staff, a change in the cooperation between Brussels and Delegations and regulating working relations between EU Delegations and the Embassies of the EU Presidency.[165]

Following the devolution, the EDF is managed under different management models as described above in chapter 1.

Under decentralized management, Delegations, *together* with the national authorities, are responsible for the management of the entire cycle of EU development aid, including contracting and payments and monitoring and evaluation of individual aid interventions. The approval of financing proposals (i.e. global commitments of funds) remains done in Brussels, where the Commission has to get approval from the EDF Committee.

While Delegations have the authority to decide on disbursements within the budget authorized, they have to seek Brussels' approval for every new activity, irrespective of volume. They also have a limited role in decision making regarding thematic and regional funds, with some programmes still designed in Brussels (HTSPE (2008) and OECD (2012)). OECD highlighted therefore the need to continue the devolution process, which was to 'be complemented by more strategic empowerment in such areas as project approval and results reporting' (OECD (2009)). While Delegations are responsible for preparing financing proposals and evaluating conditions for disbursements of budget support, Brussels – as the 'sole authorising officer' – remains responsible for the approval of payments. According to a standard phrase in financing agreements related to budget support: 'The programme shall be implemented by the Commission by centralised management'.

164 See Duke and Courtier (2011), Mackie (2010) and Blockmans (2012).

165 There is also a need to address (i) the mistrust that may prevail between the delegations and the Embassies of the Member States (Duke et al (2012)) plus (ii) what are referred, to as inter-institutional rivalries which have led 'to insecurities about the lines of reporting and the accountability of the EU Delegations vis-à-vis Brussels' (Austermann (2012)).

Delegations and NAO are also to play a key role in aid monitoring and a joint annual report is to be issued describing progress on EDF activities in each country. According to the Court of Auditors, this has not been without problems (Court of Auditors (2011b)). On-the-spot technical and financial monitoring of aid has not been sufficient, monitoring visits are not systematic but tend to be more on an ad-hoc basis, depending on the time and budget available', and 'frequently the processing of documentation relating to contracts and payments' taking priority'. Especially the limited monitoring of thematic and regional projects was a concern in the absence of adequate progress reports and/ or monitoring and evaluation reports (Court of Auditors (2009a)).[166] The Court's findings were confirmed during the visits to the four case study countries, though budget support tends to be better monitored than projects.

The following paragraphs assess the situation in the areas of human resources and EU procedures.

Human resources

In 2000 the Commission realised that devolution of aid management tasks to the EU Delegations would make little sense if the human resource constraints experienced at this level, especially in hardship posts in fragile countries, were not addressed. This was not only a problem of numbers but also of expertise, experience and training. Devolution was accompanied by the creation of some 1,560 posts in the Delegations (Commission (2005b)). Mobilisation of staff proved a major challenge, since, apart from the sheer numbers involved, 'almost half of the official posts concern new types of profiles, i.e. finance and contract experts for which there was no tradition of external posting'. It was moreover delayed in 2003 and 2004 since the necessary budget was not available in time (Commission (2004n)). By 2009, OECD reported that development staff in Brussels totalled 996, at field level 1,214 expatriate staff and 1,101 local staff. At the time, 55% of the Commission's expatriate staff and 70% of all Commission staff working in aid was employed at field level (OECD (2009)). This was below the levels reported for Germany and Denmark (80% and 73% respectively), but higher than for the Netherlands (60%). Numerous training sessions were conducted by the Commission as well.

166 Regional cooperation in West Africa has been a case of fragmentation and unclear division of responsibilities in aid monitoring and organizational frameworks and responsibilities of the Commission and regional organisations were insufficiently defined. This fragmentation was also evident from the way in which Delegations reported and neither the Delegation in Abuja nor the one in Ouagadougou had a full overview of major regional projects.

Despite the initiatives taken during the devolution years in terms of staffing, a series of issues remain:

- In 2010, EuropeAid reported on a worsening human resources situation, with '(staffing) levels at the beginning of 2010 .. down to an all-time low of four persons per EUR 10 million of aid funding'.[167] This was attributed to the fact that since 2007 the Commission's aid departments have been operating within a 'zero growth environment for Commission posts until 2013' and a 'continuing budget freeze on non-permanent staff financed from operational programmes'.[168] To make up for this situation, a large proportion of Commission staff is temporary, with a limited term, non-renewable contract that expires after three years. By the end of 2010, this concerned 42% of EuropeAid's staff in Brussels and 77% of Delegation staff (Commission (2011r)). This high share contributes to a high turnover rate, with around a third of the temporary staff leaving EuropeAid in 2009.[169] Moreover, a high vacancy rate was observed of contract staff in Delegations[170], which by the end of 2009 was some 16% overall and over 20% in fragile states (Commission (2009m) and OECD (2012)).
- While the European Court of Auditors and OECD repeatedly asked for the necessary expertise in areas of policy dialogue, public financial management, health and education[171], the recruitment process has resulted in 'the employment of specialists who can be used throughout the Commission civil service.' This is in line with the position of the Member States which have been opposed to 'increasing the number of staff in development operations, on the grounds that the Commission could just move staff in from other, non-developmental, functions' (OECD (2002).[172] OECD reiterated that the Commission needed 'to ensure it has people with specific expertise in the right places, i.e. where that expertise can be applied and drawn on' (OECD (2012)).
- With the changes that have come with the Lisbon Treaty, responsibilities of the EU Delegations have increased. This increase is only partly dealt with by the EEAS political advisors that have been nominated. Van Seters and Klavert (2011) refer in this respect to a strengthening of political sections in some countries at the expense of operations sections tasked with aid management.

167 In 2004, this ratio was 4.8 staff to manage EUR 10 million compared with a pre-reform of 3.1 staff per EUR 10 million, in 2005 more than 5 staff per EUR 10million while in 2006 this was 4.5 staff per EUR 10 million (Commission (2004n), (2005b), (2006n) and (2006j)).

168 Commission (2010e) and (2011r) and Court of Auditors (2011b). The staffing issue is clearly linked to the broader issue of Commission aid management costs. According to the UK House of Commons (2012), the share of these costs of total aid commitments/disbursements was 5.9% in 2008, 5.3% in 2009 and 5.4% in 2010. These shares are above the admin costs of DFID but below those of the World Bank/IDA. The House concluded that '(although) the European Commission has higher administration costs for development than DFID, it is difficult compare like for like. The Commission does far more direct work which requires a greater level of administration. We urge, however, the Government to continue to stress the need for value for money' (UK House of Commons (2012)).

169 Commission (2010u) and (2009m).

170 For example Commission (2007e) and (2010u).

171 OECD (2012) and Court of Auditors (2010b).

172 In 2012, OECD observed along the same lines that 'Member States also do not see development specific knowledge as a comparative advantage of the EU institutions in headquarters and the field. This affects the EU institutions' capacity in formulating polices and strategies for specific areas and in implementation' (OECD (2012)). See also Frederiksen (2004).

In the four case study countries, the staffing picture is mixed as is shown in Text Box 5.1

Text Box 5.1 *Staffing of EU Delegations in four case study countries*

With 60 staff members, the EU Delegation in *Burkina Faso* has by far the largest technical team based in Ouagadougou compared with the Member States. This allows it to support the several donors' coordination groups. Staff rotation affects the Delegation less than other representations. In *Ethiopia*, the Delegation has some 70 staff managing an annual budget of close to EUR 130 million in 2010 that is to a considerable extent channelled to the Ethiopian government as sector budget support and to two World Bank led multi-donor funds. Opinions differ as to whether quantity and quality of Delegation staff is appropriate and up to the Delegation's tasks. Contrary to what was observed in Burkina Faso, Delegation performance has at times been affected by staff turnover affecting in particular Commission contributions to the Productive Safety Net Programme and the Djibouti Rail Road Rehabilitation project. In *Rwanda*, the Delegation was strengthened during the devolution process, especially in the areas of human rights, rural development and infrastructure. It has a staff of around 40, managing an annual budget of some EUR 50 million, of which more than 80% is disbursed through general budget support. In *Uganda*, Delegation staff totals 58, and while staff quality and quantity do not appear to be an issue, a lack of operational budget hampers their functioning.

Heavy and complex EU procedures

The Court's reference to a preoccupation with pushing paper, is a reflection of the procedures that are in place and which have been agreed upon between Member States and Commission.[173] This is not something new: heavy administrative procedures that were often different for the various EU aid instruments, have been a long-standing issue indeed[174] and have been seen as an important cause reduced aid efficiency and effectiveness. Calls for change have a long history as well, with back in 1999 the Council calling for 'simplification and harmonisation of financial and administrative procedures to overcome difficulties resulting from diversity and complexity of different regulations and procedures and allowing for the necessary operational flexibility' (Council (1999b)) without reducing accountability. To address this call for change, with the Financial Regulations of 2003, contracting and tendering procedures were harmonised and simplified across all the

[173] This is not to say that not only EU procedures are complex. On the part of the partner country governments, procedures can be lengthy and slow as well, with Commission evaluation reports pointing at: procedural difficulties and the slow development and approval of policies and the respective legislation, administrative inefficiencies and officials appearing to lack appropriate incentives, resulting in slow procedures, a lack of integration of programmes into the recipient government's structure and the lack of effective ownership. Especially in fragile and post-conflict countries, evaluations highlight institutional capacity constraints.

[174] See e.g. Court of Auditors (2000a) and OECD (2002).

programmes, including EDF, while the number of instruments had been reduced earlier on. In addition, manuals, guidelines, practical guides, orientation papers, and working tools were developed.[175] Nevertheless, until today calls have been made by the European Parliament and the Council for further improvement, simplification, and streamlining.[176] OECD's peer review of 2012 basically repeats its observations of the review conducted five years earlier that despite the reforms, partners and operational staff agree that procedures are still cumbersome, which slows down implementation and puts a strain on partners with limited capacity, including NGOs (OECD (2012)).

While the Court of Auditors, has seen improvement in compliance with EU procedures, Commission evaluation reports and the country case studies confirm the main problems referred to above, though opinions differ at times. Particular reference is in this respect made to:

- Insufficient information on the Commission's procedures and a lack of institutional capacity to handle them, causing delays in financing decisions and disbursements. In some cases, the lack of institutional capacity forced Delegations and NAOs into an 'administrative, accounting and trouble-shooting role', away from their core technical role.
- Commission procedures were found to be too inflexible and rigidly applied, affecting road construction in Uganda and the EU supported *Ubudehe* programme and the Decentralized Programme for Rural Poverty Reduction in Rwanda. Possibilities for flexibility and adjustment to the local context were limited.[177]
- Tendering and procurement procedures were seen as an important cause for the frequently reported lapse of time between project and programme design and

175 Commission (2005m) refers to 'one single set of financial and administrative procedures for the full EDF cooperation and greater convergence with the budget regulation has already resulted in a rationalisation of procedures, time reduction in internal processing of financing proposals and the introduction of the 'date+3 years' rule, ensuring that individual financial commitments should be made before the end of the 3rd year after approval to avoid structural delays build up without corrective action'.

176 See European Parliament (2005) and Council (2011e). HTSPE (2008) refers in this respect to over 800 pages of EU regulations, well above other donors. While other donors, had streamlined their procedures, this had not been the case for EuropeAid, and EU procedures remained a clear weakness in the current implementation process.

177 According to HTSEP (2008), this is caused by the fact that the Commission is bound to submit detailed dossiers – Action Fiches –for scrutiny by the Management Committees. Once approved at this level, it is very difficult to make changes and may require full resubmission of the whole set. Action Fiches which are not ready by the deadline for submission of the Annual Action Plan will have to wait for the next fiscal year or request a special derogation process'. The UK Multilateral aid review refers to 'limited flexibility to re-programme funds away from poorly performing projects, or to respond rapidly to changing needs, and continued complaints of cumbersome procedures'. On a more positive note, Gavas (2012) refers to the flexibility of providing aid to the newly independent state of South Sudan. Though its ratification of the Cotonou Agreement (and henceforth eligibility for EDF support) was not expected until 2012, 'the EU proposed that an additional fund of €200 million (South Sudan had already been allocated €285 million of 'de-committed' funds from the 9th and previous rounds of the EDF) be created from 'de-committed' EDF money for programming in South Sudan alone, enabling rapid disbursement'.

implementation.[178] This reduced the time available for project implementation and affected effectiveness and impact.
- Much decision-making remained centralized, with decisions that were referred to Brussels taking considerable time as was the case in Uganda for the EU's disbursement of general budget support in 2011. In Rwanda on the other hand, Government officials indicated that the Delegation responded relatively fast to Government proposals, even when Brussels was to be consulted.
- Lengthy audit processes that delayed replenishment of project and programme budgets. In Ethiopia, interviews suggested in this respect that rather successful programmes that were supported by the EU but led by the World Bank (i.e. the Productivity Safety Nets Programme and the Protection of Basic Service programme) were incompatible with the EU's rigid auditing procedures. This had resulted in delays in the payment of the Commission's contribution.

5.3 Is devolution achieving what was intended?

According to the Court of Auditors in 2005, in the absence of a 'complete set of performance indicators' it was 'difficult to measure progress against the main objective' of enhancing the speed and quality of aid delivery (Court of Auditors (2005a)). Six years later, looking at the changes in terms of increasing the speed of aid delivery, improving aid quality and making financial management procedures more robust, the European Court of Auditors observed that improvements were most evident as regards the first and the third element. Though some indicators also pointed to improvements in the quality of aid, 'the Commission system for measuring the quality of aid is not yet sufficiently developed to allow firm conclusions to be drawn' (Court of Auditors (2011b)).

In terms of speeding up the use of resources, one of the issues in the period 1992-1996 was that annual EDF commitments exceeded disbursements by some $ 1.6 billion (OECD (1998). According to the Commission in 2001, 'the sum left over from the 6th, 7th and 8th EDFs which could be committed in 2001 and 2002 was EUR 4,230 million' (Commission (2001j). This resulted amongst others from difficulties in shifting resources between countries (countries remained entitled even when funds were not committed), complex administrative procedures and limited absorption capacity in the ACP countries. To the Netherlands, reducing such aid 'reservoirs' was one of the prime objectives of the Commission's reforms; exhausting the available budget was seen as an indicator of increased policy effectiveness.

[178] On this issue, HTSEP (2008) found that from the start of programming to start of operations, the EU takes around 120 weeks, compared to 68 for the Netherlands and around 120 weeks for DFID. The longer time-span in case of the EU results from an approval process that includes comitology, which the bilateral donors do not have, and the written procedure that is used at times. In 2002, OECD moreover stated that '(final) CSP/RSP documentation, like other EU official documents, must be translated into all .. official languages and subjected to approval by the .. EU Member States and jointly signed by the partner government and the Community, a time-consuming process' (OECD (2002)).

Data on EDF show that under expenditure continued during the early years of the new Millennium. The EDFs had become a never ending story: in 2003 the 6th EDF was in its 17th year of implementation, the 7th EDF in its 12th year and the 8th EDF, which was in its 5th year, had been committed at a rate of 85 % but only disbursed at a rate of 38 %.[179] Excluding EUR 350 million contributed to the HIPC initiative and structural adjustment funding, implementation of the EDFs was 'still slow' (Court of Auditors (2004)).[180] The situation was different by 2011 when the Court observed that the speed of delivery has improved – in terms of both committing an increased amount of funds and spending this additional funding sufficiently quickly to avoid the build-up of a backlog of unspent funds (Court of Auditors (2011b)). The amount of development aid committed in 2009 was 42% higher than in 2004, the amount contracted in 2009 increased by 45% compared with 2004 and disbursements rose by 30% over the same period. This has led the Commission to conclude 'that the efforts made in recent years to speed up programme implementation have borne fruit' (Court of Auditors (2009a)).

According to the Court, devolution has facilitated this speeding up by: (i) having more operational staff in Delegations, able to prevent and solve procedural issues more quickly; (ii) having finance and contracts staff at Delegations, speeding up the resolve of financial management issues; (iii) measures taken to streamline and standardise procedures and (iv) increased use of the budget support instrument. At the same time, the Court considered that 'budget execution indicators overstate the speed of actual aid implementation and insufficient use is made of other indicators to monitor the time required for aid implementation. This is a particularly important issue for some of the Commission's aid modalities which involve funds being paid into intermediate accounts before final utilisation'.[181]

In January 2001, EuropeAid embarked furthermore on an action plan to reduce the number of dormant commitments – the so-called *Reste à Liquider* (RAL). These RAL were a 'serious problem' (Grimm (2004)) since earlier on the overall financing period of EDFs used to be open-ended and lasted until the last money was paid. This changed as of 2003, when the Commission introduced the so-called the N+3 rule under the 9th EDF financial regulations (obligation to contract funds within the 3 years following the year of the global commitment of funds) and following the introduction of the sunset clause, which implies that de-committed funds cannot be recommitted (Gavas (2012)).

179 See Court of Auditors (2001b), (2002) and (2004).

180 Structural causes of low disbursement identified at the time were (i) a still incomplete reform of EU aid management; (ii) partial or complete suspension of aid to countries following the 'application of the principle of good governance'; (iii) the low absorption capacity of a large number of the ACP states' administrations as well as the weakness of these administrations and (iv) over-diversification and inefficiencies resulting from a large number of different budget lines and instruments, many of which required their own legal basis and regulations, and the proliferation of cumbersome procedures for contracting and payments.

181 The Commission did not agree to this position and considered these indicators, in conjunction with regular monitoring and reporting, a useful and valuable tool (Court of Auditors (2011b)).

For the 9th EDF, the Council decided in 2005 that the funds had to be committed before 31 December 2007. In line with this clause, virtually all funds had indeed been committed by that date (Court of Auditors (2008)). Reports of the European Court of Auditors indicate that 'old and dormant outstanding or unspent payments' decreased in 2007 and 2008[182] and in 2011, it concluded that the volume of dormant commitments had declined, indicating 'that fewer new aid interventions committed (were) experiencing significant delays' (Court of Auditors (2011b)).

Summary of main findings

With the devolution process, key feature of the Commission's aid management reforms, EU Delegations have a prime responsibility for aid management though global financial decisions and approvals of budget support payments have remained in Brussels. The devolution process is found to have been well managed.

Despite the transfers of staff and management budget to the country level, Delegations continue to face difficulties level in ensuring adequate management. Main issues relate to:

- *Often limited aid management capacity on the side of the partner countries. This has not only hampered the 'joint management' that was foreseen under the Cotonou Agreement but has also EU Delegations to assume additional responsibilities.*
- *A less than optimal staffing situation. At Delegation level constraints are both qualitative, in terms of a lack of expertise in key areas like PFM, and health and education, and quantitative in terms of high vacancy rates, an increasing use of temporary staff and a high staff turn-over. The zero growth environment imposed by the Member States and an insistence of recruiting generalists have contributed to this state of affairs. The staffing situation is further compounded by the presence of different thematic programmes, and regional and intra-ACP initiatives at country level, which often translates into small and labour-intensive projects and programmes and the need for Delegation staff to participate in the many coordination and consultation mechanisms that exist at country level, with, in many cases the same donors, including EU Member States, following the same projects and programmes.*
- *Limited operational budgets to ensure effective monitoring.*
- *Though matters have improved over the years and procedures have increasingly been standardised, they are still considered to be cumbersome and time consuming and insufficiently flexible at times. It is to be underlined that these procedures have been asked for by and agreed upon with the Member States.*

Getting more people in EU Delegations through the EEAS has not been a solution to the above constraints. The same will be true for the increased demands from Member States, like the Netherlands, to make EU Delegations also responsible for other, non-aid matters (like consular affairs) or for the Dutch suggestion in 2011 and 2011 that actually also the Commission should do away with budget support.

The European Court of Auditors identified devolution as one of the main factors that contributed to improved aid spending and reducing the backlog of unspent funds. At the same time, the Court was not in a position to judge whether devolution had contributed to increased aid quality.

182 Court of Auditors (2008) and (2009a).

6

Financial matters

Introduction

The National Authorising Officers (NAO) of the ACP countries[183] and the Heads of the EU Delegations are the central actors in EDF supervisory systems and control. Together, they have to ensure that: (a) resources are only spent on the basis of a written legal commitment such as a contract; (b) that there is a budget line with sufficient funds before such a legal commitment is entered into; (c) that payments are only made when this budgetary commitment has been approved; and (d) that the eligibility expenditure is verified on the basis of supporting documents. They rely in this respect on controls carried out by e.g. line ministries, programme management units, technical assistants and external experts. Brussels, formerly EuropeAid, currently DEVCO, plays a central role in e.g. the analysis of management reporting, verifications of the internal control systems at Delegations, and ex-post controls. External audits of projects and programmes are an integral part of the control structure as well. They are a key tool for detecting errors of 'compliance with regulations', and for providing information on the legality and regularity of EDF implementation, the weaknesses affecting projects' control systems and on the level and nature of potentially ineligible expenditure' (Court of Auditors (2010)). In addition, the Court of Auditors conducts an external, independent audit of the EDF annual accounts each year. Arrangements are finally in place to deal with allegations of aid related fraud through the European Anti-Fraud Office (OLAF).[184]

The following paragraphs address the following questions: (i) What have been the developments in terms of internal supervision and control? (ii) What has happened with respect to financial management, planning and reporting? (iii) What is done to ensure external financial scrutiny?

6.1 Internal supervision and control

In the early years of the new Millennium, the European Court of Auditors was clearly concerned about the quality and reliability of the Commission's internal supervisory and control systems (Court of Auditors (2003)). Weaknesses were identified in the procedures related to financial audits of the transactions underlying the payments; the quality and timeliness of the audits and the variable follow-up given to audit conclusions and recommendations. In addition, controls on invoices concerning the reality of works

[183] The NAO is a senior official appointed by the government of the partner country and represents the authorities of this country for all activities financed by the Fund and managed by the Commission and by the EIB. The NAO carries out the administrative, technical and financial duties of managing EDF programmes and projects.

[184] OLAF was set up on 1 June 1999 'to protect both the financial interests of the European Union, and therefore of its citizens, and the reputation of the European Institutions. It achieves this by investigating fraud, corruption and any other illegal activity affecting those interests, and misconduct within the European institutions; by assisting Community and national authorities in their fight against fraud; and by means of deterrence, prevention and strengthening legislation, making it more difficult for fraud and irregularities to occur and so contributing to public trust in the European project' (Commission (2007p)).

realised, supplies or services provided and compliance with contracts were not always reliably carried out.[185]

From 2003 onwards, the Court has noticed the steps made to improve internal control and by 2007 it observed that 'many of the issues raised in its report are being addressed by the Commission (Court of Auditors (2007)). By 2010, the Court's opinion was that EuropeAid's control environment was effective at the level of both Delegations and central services' and that the Commission's Internal Control Standards were 'largely implemented' (Court of Auditors (2011a)). Main changes noted by the Court over the years were[186]:

- The introduction of a 'comprehensive control strategy' and the implementation of an 'Action Plan for a strengthened EuropeAid management and control pyramid' from 2009 onwards.
- The establishment of clear, harmonised financial procedures and guidance manuals, such as a Financial Management Toolkit (2010) and training of financial and operational sections of the Delegations.
- Improvements in the Commission's operational and financial risk management, both in Brussels and the Delegations.
- The introduction of mandatory audit terms of reference (2007) and of a common methodology on the set-up, implementation and follow-up of annual audit plans and improvement of the management of the external audits.
- Introduction of a standardized system of External Aid Management Reports in 2004 that by 2011 'provided relevant and reliable information on the 'implementation, payments and external audits relating to the largest projects'.
- Commission initiatives to strengthen the control functions of the NAO administrations and to support organisations implementing EDF projects. However, results were variable, mainly due to a lack of involvement by the ACP States. As a consequence, many Delegations could place only limited reliance on the controls performed by the NAO administrations, resulting in a heavier workload'.[187]

6.2 Internal financial management and reporting

In accordance with the respective Financial Regulations for the different EDFs, the Commission, which is responsible for ensuring the legality and regularity of the underlying transactions, has been preparing annual financial statements, one for each EDF. These are not consolidated with the financial statements of the EIB which manages the Investment

185 Court of Auditors (2002), (2003) and (2004).
186 Court of Auditors (2004), (2006), (2007), (2008), (2009a), (2010) and (2011a).
187 Court of Auditors (2007). This prompted the Court in 2008 and 2009 to draw attention to the issue of Delegation staffing as mentioned above.

Facility.[188] Provisional financial statements are presented to the European Court of Auditors for auditing. Once approved at this level, the final accounts are presented to the European Parliament and the Council. The final control is the discharge of the financial implementation of the EDF resources by the European Parliament. This represents the political aspect of the external control of financial implementation and is the decisionby which the European Parliament 'releases' the Commission from its responsibility for financial management in a given year.[189] This discharge procedure may produce one of two outcomes: the granting of the discharge, as happened in recent years, or postponement of the discharge as happened with respect to the 1998 accounts in 2000.

EDF Financial Regulations also require the Commission to conduct an analysis of the financial management of EDF each year. The results of this analysis are incorporated into EuropeAid's annual activity report that also gives information on follow-up given to recommendations made by the European Court of Auditors, the Internal Audit Service and EuropeAid's Internal Audit Capability. The report is presented to the Court of Auditors, which, after making a plea for improvement for several year[190], concluded from 2005 onwards that the reports presented an 'accurate description of the achievements of the objectives for the financial year (particularly concerning financial implementation and control activities) (as well as), the financial situation .. and the events that had a significant influence on the activities carried out'.[191] In 2011, the Court concluded that the Annual Activity Report gave 'a fair picture of the implementation and results of the various supervisory and control systems in place. It is clear and informative, in particular through the use of quantitative indicators' (Court of Auditors (2011a)).

Financial planning has improved over the years as well: increasingly financial targets set at the onset of the year are effectively realised or, as was the case in 2008[192], exceeded. In 2009, net payments represented 92 % of the initial forecast; the 8% shortfall was explained by: (i) below forecast payments in countries subject to the Article 96 consultation procedures or other dialogue measures; (ii) countries that had not yet ratified this Agreement and (iii) countries where budget support payments were not made since no confirmation had been provided as to the fulfilment of general or specific conditions. (Court of Auditors (2010)). In 2010, gross global commitments were 13 % below financial implementation forecasts by the Commission. This was mainly explained by (i) Commission decisions not to proceed with

188 The Investment Facility is not covered by the Court's Statement of Assurance or the European Parliament's discharge procedure. This reduces the scope of the European Parliament's powers of discharge.

189 This decision is based on a review of: (i) the accounts; (ii) the annual report of the European Court of Auditors and replies of the Commission, and also following questions and further information requests to the Commission.

190 For example as regard the harmonization in the presentation of accounts of the various EDFs and the management costs of EDF (Court of Auditors (2001b), (2002), (2003), (2005b), (2006), (2007) and (2008)).

191 Court of Auditors (2006), (2007), (2008), (2009a), (2010) and (2011a).

192 This was partly explained by (i) a quick start of the implementation of the 10th EDF, and (ii) the strong increase in budget support operations, with global commitments and disbursements reaching 2 583 million euro and 606 million euro respectively (Court of Auditors (2009a)).

several financing decisions under the Intra-ACP programme; (ii) delays in finalising the 10th EDF programming documents for the OCTs and (iii) the 10th EDF Mid-Term Review of the Country Strategy Papers (Court of Auditors (2011a).[193]

6.3 Ensuring external financial scrutiny

Audits by the European Court of Auditors

Each year, the European Court of Auditors audits all areas of EDF activities, the annual accounts themselves as well as the overall presentation of the financial statements.[194] Based on its audit, the Court produces an annual report and an opinion on the reliability of the accounts and the legality and regularity of the underlying transactions. This report is published in the Official Journal of the European Union and is available on the Court's website. For the period 2000-2010, the Court's reports indicate in summary the following. With certain reservations, the Court concluded for some years that the transactions underlying the financial statements of the 6th, 7th and 8th EDFs' were 'taken as a whole, legal and regular'.[195] Also in 2010 the Court concluded that in 2009 the revenue, commitments and payments underlying the accounts of operational EDFs 'were in all material respects legal and regular' (Court of Auditors (2010)). Its position was different in 2008, 2009 and 2011, when the Court differentiated its opinion between revenue and commitments, which were considered legal and regular 'in all material respects', and payments – which were 'materially affected by error'.[196]

Irregularities have been observed as regards commitments and payments made in the ACP countries under the responsibility of the national or regional authorising officers. However,

[193] Along the same lines, the Dutch Parliament was informed in 2012 that expenditures were lower than forecast for amongst others the following reasons: (i) application of appropriate measures under Article 96 of the Cotonou Agreement in the case of Zimbabwe, Guinea Bissau, Madagascar, Fiji and Niger in 2012; (ii) conditions related to general budget support were not or insufficiently fulfilled as was the case for e.g. Burundi, Namibia and Uganda; (iii) the annulment of major infrastructure tenders (e.g. in the case of the African Union, DRC and Zambia) (KST 33480-V-3 (2012)). See also Gavas (2012), referring also to a slowdown in expenditure as a result of the re-orientation of the EU's aid programme as part of the EU Agenda for Change and the new stricter guidelines for budget support eligibility

[194] An audit involves: (i) performing procedures to obtain audit evidence about the amounts and disclosures in the final consolidated accounts and the legality and regularity of the underlying transactions; (ii) evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made and (iii) evaluating the overall presentation of the final consolidated accounts and the annual activity reports. An audit is based on: (i) an audit of a sample of transactions, coupled, where necessary, with on- the-spot visits of implementing organisations and final beneficiaries; (ii) an assessment of the effectiveness of supervisory and control systems at EuropeAid's central services and Delegations and (iii) a review of Commission management representations, including an assessment of EuropeAid's Annual Activity Report.

[195] See for example Court of Auditors (2001b), (2005b), (2006) and (2007).

[196] Court of Auditors (2008), (2009a) and (2011a).

the financial impact of these irregularities was variable or negligible.[197] For 2010, the most likely error estimated by the Court was 3.4 % for the 8th, 9th and 10th EDF.[198] The occurrence of such errors does *not* necessarily mean that money has disappeared; it *does* mean however that there have been procedural issues with respect to payments made.

Despite the improvements highlighted above, the Court continued to find weaknesses in supervisory and control systems, notably at the level of the Delegations. These primarily concern how the Delegations address shortcomings in the financial management and controls of actors that are involved in EU development assistance. Weaknesses in these areas have been the main source of errors identified by the Court. The main issues reported by the Court in the period 2004-2010 are shown below (issues identified with respect to general budget support are dealt with in chapter 7).

	2004	2005	2006	2007	2008	2009	2010
Lack of invoices or other supporting documentation or not meeting contractual deadlines for financial reports		■	■		■	■	■
Non-eligibility of (some) payments[199]		■	■	■	■	■	■
The failure of projects to give adequate publicity of the EDF's financial support		■		■	■		
Tendering and contracting rules not adhered to	■	■	■	■			
Legally prescribed bank guarantees not provided, provided with insufficient amounts or provided late		■	■		■		
Contracts signed after the deadline mentioned in the financing agreement	■					■	■

[197] For example, in 2006 the Court found 'that the financial impact of errors detected is not material with regard to transactions initiated in the ACP States under the responsibility of NAOs' (Court of Auditors (2006)).

[198] Court of Auditors (2011a). The Commission notes that in the previous year (2009) the EDF part of the EuropeAid portfolio was found to be free of material error (i.e. below 2 %) by the Court while the Budget portfolio had an estimated error rate of 2-5 %. For 2010 the Budget part of the EuropeAid portfolio has been found to be free of material error (1,7 %) by the Court but the EDF activities transactions are above the 2 % threshold (at 3,4 %). Thus the performance of EuropeAid's control architecture seems to be relatively stable over the last 2 years vis-à-vis the Court's audit, and continuing to show improvements in relation to the period prior to 2009'.

[199] These included (undue) payments made: (a) for (quantities of) works, supplies or services which were not fully provided or for items not foreseen in the contract; (b) outside the permitted period; (c) for VAT; (d) of improper sums, mainly as a result of calculation errors; and (e) payments made for types of expenditure not provided for by the contract.

Dealing with (allegations of) fraud

The European Anti-Fraud Office (OLAF) may investigate allegations of fraud and irregularities with respect to external action, including development aid.[200] According to OLAF, such fraud and irregularities may range from ineligibility of expenditure financed, over-invoicing, market-sharing agreements, conflicts of interest, to favouritism, undue influence on members of committees that are responsible for evaluating the quality of offers, embezzlement and corruption. OLAF conducts its own investigations and supports legal authorities in both the EU member states and partner countries in dealing with allegations of fraud and irregularities. It collaborates with national law enforcement authorities, Commission departments, other donors and NGOs.[201]

From the year 2002-2003 onwards, 'OLAF's investigation policy has moved increasingly towards confronting fraud and corruption in those areas of expenditure which are directly managed by the Commission'[202], i.e. towards 'areas where Member States exercise no specific responsibility and OLAF is the principal actor, or even the only administrative authority engaged in the fight against fraud'.[203] This trend in OLAF's case load has continued to date and has implied an increased share of OLAF investigations related to external aid: investigations for which Member States are responsible are increasing taken care of by the same Member States and no longer appear in the statistics on OLAF investigations.

Data on the number of fraud cases initiated by OLAF in external aid – its reports do not specify EDF – are shown in Figure 6.1.[204] According to the Commission, OLAF opened 66 investigations in 2009 (compared with 83 in 2008) and by the end of 2009, 20 had been closed by OLAF as non-cases, 36 were still under assessment and 9 cases were in active investigation (Commission (2010u)). OLAF opened 61 new investigations in 2010 and by the end of that year, 20 had been closed as non-cases and 41 were under assessment or active investigation (Commission (2011r)). It is worth noting that organisations and institutions from EU member states (as well as candidate countries) were involved in a considerable number of OLAF's external aid investigations: 66 in 2004, 58 in 2007 and 33 in 2010.

[200] With respect to the EDF, OLAF's role is for example described in Article 14 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund. The Regulation stipulates furthermore that '(each) grant agreement shall provide expressly for the Commission, OLAF and the Court of Auditors to exercise their powers of control, on documents and on the spot, over all contractors and subcontractors who have received financial assistance from EDF resources'.

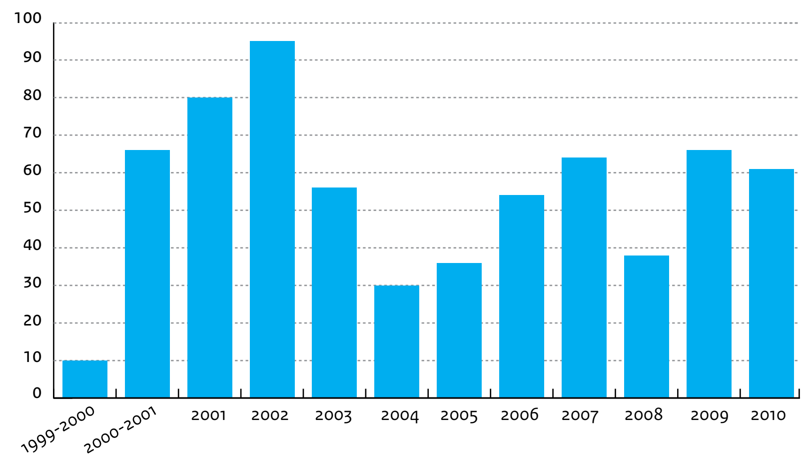
[201] See for example Commission (2001c), (2003e) and (2006s).

[202] Commission (2003e) and (2007p).

[203] Commission (2004l) and (2005c).

[204] In Open Europe's Briefing Note of 9 November 2008 on 100 examples of EU fraud and waste, reference is made to one fraud case in development aid (which concerned a Brussels based institution) while no case of waste is mentioned.

Figure 6.1 *Number of external aid cases initiated by OLAF (1999-2010)*



Data available for the period 2004-2007 on the estimated financial impact of fraud cases in foreign aid indicate that this increased from EUR 177 million in 2004 to some EUR 442 million by 2007. As a share of fraud related to all Community funding this was 3.3% in 2004 and 5.5% in 2007, which is less than the share of external relations of the total EU budget. Between 2002 and 2010, a total of over EUR 143 million was recovered, which is high when compared with other parts of the EU budget. In 2009, EuropeAid issued 500 recovery orders under the EDF for a total of EUR 48 million for undue payments, of which EUR 1 million concerned fraud related OLAF cases (Commission (2010u)).

Summary of main findings

Internal control and supervision, financial management and control have been strengthened and improvements in financial management have been in line with recommendations made by the European Court of Auditors. Financial management and supervision at delegation level have become increasingly robust as well. Irrespectively, further improvements are needed, especially as regard (a) the control of the eligibility of expenditure at country level, and (b) better compliance with established procedures (keeping in mind that non-compliance with procedures does not necessarily imply that funds are disappearing or misused).

The Court's judgement on the performance of the Commission in ensuring financial scrutiny and in dealing with financial management, risk management and financial planning and reporting has improved steadily over the years. By 2011 it concluded that EuropeAid's annual reports gave a fair picture of the implementation and results of the supervisory and control systems put in place. Auditing at country level has improved as well, though irregularities, primarily of a procedural character, and with variable or negligible financial impact, continue to be observed.

Improvements in financial management and planning have contributed to a reduction of under-expenditure. That financial planning targets are not reached in recent years is primarily due to the following reasons: (a) the non-payment of budget support tranches because partner countries did not meet their obligations, (b) delays in infrastructure works, (c) delays in programming or approval of financing decisions or (d) the suspension of aid in relation to appropriate measures following Article 96 consultations.

The European Anti-Fraud Office (OLAF) investigates potential aid related fraud cases. With OLAF focusing on fraud cases that are not dealt with by the Member States, the finding that in 2007 the share of aid related cases was below the share of external relations of the Commission's overall budget is positive. Not all cases have merited investigation and in both 2009 and 2010 about a third of the cases brought to its attention were closed as non-case. Moreover, a considerable share of cases relate to institutions based in Europe. If and when appropriate, cases are brought to legal procedures and the Commission initiates action to retrieve misused funds. It is relatively successful in this respect.

Part III

EDF implementation and results

Lomé II: Young Togolese demonstrating with a banner giving encouragement for the Lomé II Convention (1979)

7

EDF's national programmes

Introduction

Using the approach detailed in the Introduction, and recognising its limitations, this chapter deals with the implementation of the EDF's national programmes. Focus is on the following five main questions: (i) Were the principles of the Cotonou Agreement on EU aid programming put into practice?[205] (ii) What can be said about EU sector focus and the added value or complementarity of EU aid? (iii) What can be said about the results and (net) outcomes accomplished at country level? (iv) What is known of the political dialogue under Article 8 and the steps taken when this dialogue fails?[206]

7.1. Aid programming main principles

The Cotonou Agreement introduced a more systematic and strategic approach to the programming of aid. The main features of the programming process, which is to be 'based on the principles of ownership, alignment, donor coordination and harmonization, managing for development results and mutual accountability' are provided in its Annex IV and summarised below for the original Agreement and the revision of 2010 (main changes are in italics). This change in approach responded to concerns expressed by the European Court of Auditors.[207] It also responded to concerns of the Netherlands, which, from its side, had been supporting Commission proposals to give more substance to EDF programming and to align it better with the priorities of the ACP countries since the mid-1980s. Aim of the new approach was to come to integrated strategies that would provide a 'coherent enabling framework of support to the ACP's own development strategies, ensuring complementarity and interaction between the various elements'.

205 These principles are: poverty focus, tailoring to the individual circumstances of each ACP country and its own development policies and reforms, promotion of local ownership and the integration of the private sector and civil society or non-state actors into the development process. It also touches upon the issue of mainstreaming of gender, environment and institutional development and capacity building 'into all areas of cooperation'.

206 More details on this aspect can be found in Annex 9 on the CD-ROM.

207 According to the Court, there was a need to: (i) better identify objectives and priorities; (ii) provide a focused framework for all areas of planned interventions; (iii) better identify what lessons can be learned from previous programmes and projects; (iv) pay increased attention to e.g. gender and poverty issues; (v) to more systematically provide performance indicators; (vi) address issues of coordination and political issues like human rights; and (vii) to avoid underestimating programme risks.

Annex IV (2000)	Annex IV (2010)
The preparation and development of a Country Support Strategy based on the country's own medium-term development objectives and strategies.	The preparation and development of country strategy papers *..based on their own medium development objectives and strategies, and taking into account the principles of joint programming and division of labour among donors, which shall, to the extent possible a partner country led process.*
A clear indication from the Community of the indicative programmable financial allocation from which the country may benefit during the five-year period as well as any other relevant information.	A clear indication from the Community of the indicative programmable financial allocation from which the country ... *may benefit during the period covered by the multi-annual financial framework of cooperation under this Agreement as well as any other relevant information, including a possible reserve for unforeseen needs.*
The preparation and adoption of an indicative programme for implementing the Country Support Strategy.	The preparation and adoption of an indicative programme for implementing the (strategy paper), *taking into account commitments of other donors, and in particular from the EU Member States.*

Annex IV states furthermore that resource allocation shall be based on 'standard, objective and transparent needs and performance criteria'. While an aid allocation model was also in place for the 9th EDF, a more elaborate version was developed for its successor. Main changes were a stronger focus on social and poverty indicators, and more attention for standardization, objectivity and transparency in the allocation criteria. At the same time, the allocation was no longer an entitlement and could be reduced or increased following the mid-term and end-of-term reviews of the country strategy.[208] This was in line with earlier Dutch desires to do away with the entitlement culture that had developed over the years.

In allocating resources for the partner countries, differentiation, which is bon-ton in current EU aid policies, was thus already introduced for the EDF. A two-step approach was introduced:

- An initial allocation based on a statistical model which develops the needs and performance criteria (see Text Box 7.1), based on data published by recognised international institutions and financial performance data extracted from the Commission's accounting system.
- A possible additional incentive tranche for the country programme as a whole, irrespective of whether general budget support is provided, that is based on more qualitative criteria concerning democratic governance which cannot easily be fed into a quantitative model.

[208] At the same time the Financial Regulation of 2003 stipulates that '(any) resources transferred to the 9th EDF that were previously allocated to the indicative programme of an ACP State or an ACP region before the entry into force of the Financial Protocol set out in Annex I to the ACP-EC Agreement shall remain allocated to that State or region' (Article 130)

Text Box 7.1 *Main criteria for country allocations under the EDF*

According to the 2010 revision of the Agreement, needs shall be assessed on the basis of criteria pertaining to per capita income, population dynamics (population size, the prevalence rate of AIDS among adults from 15 to 45 years; the human poverty index developed by the UNDP; the vulnerability of the country (e.g. rate of urbanization, geographic isolation), social indicators and level of indebtedness, vulnerability to exogenous shocks. Special treatment is to be accorded to the ACP LDCs and account is to be taken of the vulnerability of island and landlocked States and the particular difficulties of countries dealing with the aftermath of conflict or natural disaster. Performance, according to the same source 'shall be assessed on the basis of criteria pertaining to governance, progress in implementing institutional reforms, country performance in the use of resources, effective implementation of current operations, poverty alleviation or reduction, progress towards achieving the MDGs, sustainable development measures and macroeconomic and sectoral policy performance'.

Using a standard format, the results of the programming exercise are to be laid down in a country strategy paper (CSP) or country support strategy. In April 2006, the Council adopted a common framework for country strategy papers and the principles towards joint multi-annual programming. This was seen as an important step 'to combine the efforts of the European Commission and EU Member States in a single EU strategy' and to make EU aid 'more coherent, efficient and effective'. It also reflected the wish to make Commission and Member State aid 'converge within a single multi-annual framework' that was aligned with the partner country's priorities.

Preparation of the CSP is the responsibility of the ACP country (in the lead) and the EU. It is to build upon 'prior consultation with a wide range of actors, including non-state actors, local authorities and where relevant, ACP Parliaments'.[209] The CSPs are to be aligned with the country's own medium-term development objectives and strategies and to provide a coherent framework for cooperation. They are not only to cover the EDF 'but also reflect all other Community instruments having an impact on the partner country or region aiming to ensure policy coherence with other areas of the Community's external action'. Preparation and development of the strategy papers is to be done in coordination with the Member States that are represented in the country as well as the EIB. The CSPs are transmitted to Member States in the EDF Committee and, for purposes of information, to the Joint EU-ACP Parliamentary Assembly. The CSPs provide the foundations for multi-annual indicative

[209] Article 2 of the Agreement states in this respect that 'apart from central government as the main partner, the partnership shall be open to different kinds of other actors in order to encourage the integration of all sections of society, including the private sector and civil society organisations, into the mainstream of political, economic and social life'. More details are provided in Chapter 2 of the Agreement on e.g. the different types and roles of non-state actors. The crucial role of an 'empowered civil society' was once more recognized by the Council in 2012 (see Council (2012c) and (2012d)).

programmes, to be agreed upon with the ACP countries concerned, which, in turn, constitute the basis for annual indicative programmes.[210]

Looking at its leading principles, the approach introduced responds to the need for reform of the programming cycle that was identified at the start of new Millennium. More specifically, it appears to have dealt, at least on paper, with the following Dutch concerns[211]: (i) the importance of ownership; (ii) CSPs ought to be linked with PRSPs; (iii) the importance of donor coordination; and (iv) recognition of the role of non-state actors, including civil society. The question is: was it put into practice?

7.2 Implementing the programming principles

Programming process

A first issue is whether in practice the process of country programming has been in line with the above principles. Menocal (2008) concludes that this process 'is of varying quality and depth' and refers to the 'critical challenge' of turning the concept of country ownership into reality. Two main issues are identified: (i) insufficient strength, effectiveness and, at times, weak governance of government institutions; and (ii) little negotiation capacity of the partner government, which limited effective participation in the programming process.

A similar variety can be found when looking at the at the four case study countries. In Burkina Faso, the CSP is based on a joint country assessment conducted by staff from the Ministries of Finance and Budget and Economy and Development, the EU Delegations, EU Member States as well as Canada and Switzerland. There had been some involvement of non-state actors and local authorities as well. Still, ownership of policies and concrete actions varied from one sector to another and was bigger at the central level. On the issue of ownership, interviews in Ethiopia confirmed the pivotal role of the NAO while the involvement of non-state actors was considerably less: their views had only a marginal influence on the design of the country programme. Information from Rwanda indicates that preparation of CSPs was done in consultation with the NAO, other Government agencies, non-state actors, civil society organisations and private sector representatives. Various evaluations and Paris Declaration Monitoring reports conclude that Government ownership of development policies in Rwanda is strong. Interviews point at the same time at a low level of civil society involvement; a strong and centralised Government is one

[210] These programmes are to include: (a) the priority areas selected for Community financing; (b) overall objectives, the targeted beneficiaries, the general policy commitments and the expected impact (together with the necessary qualitative and quantitative performance indicators and timetable for implementation); (c) the indicative financial allocations; (d) per priority area, and, where applicable general budget support, specific objectives and sectoral policy commitments and the most appropriate measures and operations for attaining these objectives and targets; and (e) the type of non-State actors eligible for funding and, where possible, the resources to be allocated and the type of activities to be supported.

[211] See for example KST 35589 (1999), KST 42623 (1999), KST 47517 (2000), KST 63938 (2002) and KST 66885 (2003).

reason for this finding, weak civil society organisations another. Similar issues are reported for the intermediary and local levels of government, mainly caused by capacity constraints. The case of Uganda shows that numerous consultations were held with national and international stakeholders, including the NAO, representatives from EU Member States, civil society and local authorities. Tight timeframes, however, made their effective and purposeful participation difficult. All in all, the findings confirm recent observations that 'involvement of non-State actors in the programming process indeed showed slow progress' (Commission (2011g)) and earlier critique, especially from European NGO networks.[212]

Alignment with national priorities and poverty focus

To assess ownership and poverty focus, we looked at whether EDF country programmes were aligned with national programmes and whether these focused on poverty reduction. On the this issue, a report covering the period 1998-2006 indicated that 'perceptions of the quality and adaptation of the Commission's country strategies to changing contexts varied considerably', also in terms of their actual poverty focus (DRN consortium (2008a)). Reporting on the 2nd generation of CSPs in 2009, the Commission noticed that a majority of the CSPs prepared under the main geographical instruments demonstrated noticeable improvements compared with their predecessors e.g. in terms of the poverty focus of the response strategy (Commission (2009d)).

For the four case study countries, the data show a focus of the CSPs on poverty reduction and a link between the Commission's programme and national poverty and other strategies (see below). At the same time, the ownership of these strategies is not always taken for granted.

212 See e.g. Eurostep (2006), Democratic Scrutiny of EU aid (2007), CARITAS/CIDSE (2007) and Menocal (2008). In 2009, the Council asked the Commission to take further measures to strengthen the genuine involvement of non-state actors. At the same time, it called for a 'balanced approach between the involvement' of these actors and 'respect for partner governments' own priorities and underlining the importance of country ownership' (Council (2009g)).

Country	CSP related strategies and policies
Burkina Faso	Poverty Reduction Strategy Paper of 2000 and updated in 2004 with its four strategic pillars of accelerating equity based growth, access of the poor to basic social services, expanding employment and income generating opportunities for the poor and good governance. The World Bank's important role in drafting these strategies, especially the most recent Strategy for Accelerated Growth and Sustainable Development, has however prompted some donors to question their ownership. This position is reinforced by the existence of a document parallel to this Strategy, the Programme Présidentiel.
Ethiopia	A series of Government policy documents focusing on sustainable development and poverty reduction, including the Agricultural-Development-Led Industrialization strategy of the 1990s, the interim Poverty Reduction Strategy Paper (2000), the Sustainable Development and Poverty Reduction Programme, Poverty Reduction Strategy and the Protection of Basic Services Programme of 2002. There is also a link with the Plan for Accelerated and Sustainable Development to End Poverty for 2005-2010 that is accompanied by long-term Sector Development Programmes in e.g. education, health and roads.
Rwanda	Several documents, including Vision 2020 (2000), the PRSP for 2002-2006, and the Economic Development and Poverty Reduction Strategy for 2008 - 2012 with its three inter-related programmes of Sustainable Growth for Jobs and Exports, Vision 2020 Umurenge VUP and Governance. Another important policy has been the Government's Aid Policy of 2006 that sets out how the Government wishes to see the country's aid architecture develop.
Uganda	Poverty Eradication Action Plans, in place since 1997 (promoting pro-poor growth with better access to basic services, improved connectivity, agricultural reforms and livelihoods, and by fostering national reconciliation and justice) and the National Development Plan.

Coordination with Member States (and beyond)

Collaboration and cooperation between Commission and Member States has been stressed for decades. The question is now: how has this translated into practice? The main conclusion that can be drawn in this respect is that the landscape is, again, very diverse, in line with what was reported by OECD in 2011. In general however, ensuring coordination remains an uphill task (Barder et al 2010)[213] and progress is slow: everybody wants to coordinate but no one wants to be coordinated' (ODI (2012)). The issue was also recognised by the Commission observing in 2012 that though '(in) general, .. the implementation of in-country division of labour principles by the EU and its Member States is progressing... progress in sector concentration has been very limited' (Commission (2012d)). On the Dutch side it has been acknowledged that joint programming is not an easy or fast process: Member States have their own priorities, working methods and budget cycles which are

213 See also for example KST 74461 (2004), Renzio (2005), (Commission (2005m), (2010z), (2011g) and (2011w), OECD (2011) and ODI (2012). Likewise, ECDPM (2012) refers to division of labour as 'a rather difficult exercise so far'. 'The overall weakness of the Code of Conduct of 2007 has been its voluntary, 'self-policing' nature. In the end, the road towards a better division of labour among EU donors is a political undertaking and, up to now, political commitment through the (Code of Conduct (IOB)) was shown to be insufficient to ensure the actions agreed were undertaken. In the end, it remains a country's sovereign decision whether or not to exit or enter a certain sector or country'.

difficult to reconcile. Alignment, both among the Member States and with the partner country can only be achieved gradually (KST 21501-04-142 (2012)).

The above diversity is also evident from the Commission evaluations and the country studies as shown below for three main topics: (i) role and capacity of Government; (ii) existing aid coordination mechanisms and (iii) the role of the EU Delegation in aid coordination.

Role and capacity of Government

Country evaluations point out that budget support and (sector) policy dialogue have enhanced Government involvement in country-level coordination processes – *Burkina Faso* is an example. In *Rwanda*, the in-country division of labour is not driven by the donor community but by the Government, especially since mid-2010 when the Development Partners Consultative Group agreed to a Division of Labour proposal of the Ministry of Finance and Economic Planning. The Government has bilaterally negotiated the sector engagements of the individual donors. Overall, the involvement of donors in the coordination process is found to be higher when there is stronger ownership on the Government side. However, the evaluations make clear that: (i) the capacity of Government to play a pivotal role in foreign aid management is at times still limited; and/or (ii) that Government's interest and, henceforth, its leading role in aid coordination is variable.[214] A challenge in this context is to align weak government structures in ways that maintain the principle of ownership. The fact that donors, including the Commission and the Member States, continue to apply different procedures, demand different types of data and use non-compatible timelines (also with respect to general budget support), indeed puts an additional burden on often already strained Government bureaucracies.

Existing coordination mechanisms

In many countries, a range of formal coordination working groups exists for different sectors and themes.[215] However, their functionality differs and focus has been more on sharing and spreading information than joint activities (Menocal (2008) and Barder et al (2010)). Moreover, having regular meetings does not automatically imply coordination or alignment of donor efforts. While donor coordination mechanisms between Commission and EU Member States may be stronger than others, they are often time consuming, especially when there is a large EU donor community present. The existence of other donor

[214] According to Grimm, 'even very committed partner countries have been adopting a rather prudent approach towards international division of labour for several reasons. Among these are the lack of consistent progress in in-country division of labour, the donor-driven character of division of labour, the fear of losing development funding, the sensitiveness of aid as central part of foreign relations, and the desire to manage diversity can be highlighted' (Grimm (2009)).

[215] See on this issue also Barder et al (2010) stating that '(harmonization) and alignment have, in practice, been translated on the ground into donor coordination committees, with lead donors and sectoral plans. At their best, these have helped to reduce transaction costs and harmonise donor approaches; at their worst, they have led to very little real change in behaviour'.

coordination forums, in which both the Commission and the Member States (and others) participate, makes the creation of solely European aid coordination a questionable goal.

Findings from the four country case studies indicate the following. In *Burkina Faso*, donor coordination hovered around the General Framework for Budget Support. The Delegation has been a key player in the '*Comité de gestion de l'Aide Budgétaire*' that also includes representatives from the Government, Denmark, France, Germany, the Netherlands, Sweden, Switzerland, the African Development Bank and the World Bank. In *Ethiopia*, EU Delegation, Member States, other donors and Government have been meeting in an elaborate system of, partly overlapping, consultation mechanisms: the High Level Forum, the Development Assistance Group and Technical Working Groups. They primarily served information sharing, in some cases the preparation of a joint policy or political statement, but rarely did they contribute to coordination and common approaches at the operational level prompting the country evaluation of 2004 to question the effectiveness of the arrangements in place. This changed following the introduction of the World Bank led, multi-donor Protection of Basic Services Programme in 2005, which is considered a well-functioning donor coordination mechanism, reinforced by strong Government participation and co-financed by the EU. Assessments within the frame of monitoring of the Paris Declaration in 2006 and 2008 moreover point at some improvements in terms of joint donor missions and a more substantial increase in joint technical cooperation. In *Rwanda*, Sweden and the Netherlands decided to refrain from general budget support. France on the other hand was less opposed and more ready to accept the 'risks' of budget support while Germany, the UK and the Commission found themselves somewhere in between. In *Uganda*, both EU Delegation and Member States have been supporting general budget support until recently. This has provided an opportunity to enhance information exchange and strategic consultation and to come to an agreement to e.g. streamline reporting requirements.

Role of EU Delegations

Across the board, EU Delegations have indeed played a role in supporting and promoting donor coordination. They are perceived to be a committed player in this domain (e.g. in relation to political issues and general budget support). The leading role of the Delegation depends foremost on the Head of Delegation. This confirms Renzio (2005) observation that *personalities* are a fundamental factor in the success or failure of harmonisation efforts, especially at country level.[216] Though evaluations find that the lead function of Delegations is appreciated, it is not always easily accepted by the Member States (nor pushed by the Delegation (e.g. in Uganda)). At times, doubts are expressed on the added value of the Delegation in terms of coordination or dialogue with the Government, especially when political views differ among Commission and Member States (e.g. on human rights, sector policies, and the appropriateness of interventions or an instrument like general budget support). Staff limitations and staff rotation, complex EU procedures and the limited scope

[216] See also ICAI (2012), observing that '(the) effectiveness of donor co-ordination forums depends heavily on the personalities, experience and commitment of staff leading the groups and their government counterparts'.

of decision making at Delegation level at the same time affect the Delegation's capacity to play an active role. A key question is furthermore whether the Commission has indeed a mandate to coordinate. Several sources indicate that this mandate is either not clear or that it is limited.[217]

Looking at the case study countries, findings are as follows. In *Burkina Faso*, the Delegation orchestrates meetings at the level of heads and deputy heads of mission as well as bi-monthly meetings among the heads of cooperation to discuss topics like joint EU strategy and programming. This is done within the frame of the 'EU+ group', involving EU Member States as well as Switzerland and Canada. At sector level, separate coordination mechanisms exist e.g. for primary education, water supply and civil society and gender. The Delegation's coordinating role has been recognised by the Member States. In *Ethiopia*, the strategic plans of the Netherlands do not refer to interaction or alignment with the Delegation or to Union-level collaboration on for example the issue of donor-Government dialogue. In *Uganda*, regular meetings of heads of mission, heads of technical cooperation are held plus sector sub-groups and technical working groups. The effectiveness of these different groups is variable; at times they are not well integrated and planned and tend to over-burden the capacity of government and donors. Coordination continues to be affected by differences in programming cycles, project planning procedures and disparities in funding levels. The most recent Netherlands multi-annual programme for Uganda makes little reference to aid coordination within an EU framework.[218] On the other hand, in both Ethiopia and Uganda the leading role of the EU Delegation in the roads sector has been acknowledged. In Uganda the Delegation has been chairing the technical working group for the road sector; along the same lines, the EU Delegation, as co-chair of the Transport Sector Work Group, has a leading role in coordination in this sector as part of Ethiopia's Road Sector Development Programme with the Ethiopian Roads Authority. Overall, the most recent Commission evaluation concluded that World Bank and EU Delegation involvement had significantly contributed to progress in complementarity between development partners. In Uganda, EU aid for the National Roads Authority runs in parallel with World Bank support for the Ministry of Works and Transport and complements a DANIDA road construction project. In Rwanda, Heads of Mission and Heads of Cooperation of the EU Delegation and Member States meet twice a month under the chair of the EU Presidency since 2003. The Delegation has played a coordinating role in the policy dialogue through joint EU policy statements at the Development Partners meetings. It also regularly convened EU meetings to coordinate the Article 8 political dialogue; still coordination leaves to be desired. The Government would like the Delegation to take the lead in joint planning and programming with the Member States.

217 See Barder et al (2010), Schulz (2010) and Van Seters and Klavert (2011).

218 Moreover, while the Commission reported in 2008 that a joint programming document had also been drafted for Uganda, which would 'form a solid basis for a harmonised and aligned delivery of the EU development assistance' (Commission (2008o)), the '*Joint Assistance Strategy for the Republic of Uganda (2005-2009)*' is the product of eight donors: the African Development Bank, Austria, Germany, the Netherlands, Norway, Sweden, DFID and the World Bank – but not the Commission.

Key factors that explain recent aid coordination practices at country are the following.[219] Commission and Member States have different views on aid priorities – both in terms of geographical orientation and aid topics, and more generally, on the relationship between national (and EU) foreign policy and development aid as an instrument therein. As observed by OECD (2012), reality is that Member States value their bilateral relationships, the autonomy of their programmes and are concerned about ensuring the visibility of their support both for recipients and for their domestic audiences. Nearly all Member States, influenced by national parliaments and 'public opinion', want to maintain their own priority themes in aid, as well as their own country preferences, programming cycle, views on specific aid modalities (especially budget support), procedures etc. This is also the case for the Netherlands.[220] In practice, there are furthermore diverging and changing views of Commission and individual Member States on what constitutes 'complementarity' – i.e. the debate on (i) whether the Commission is just another European donor or whether it (also or only) has a coordinating role to play and (ii) which sectors Commission and Member States are supposed to deal with.[221] There are finally different (and changing) degrees of decentralisation of aid management among the EU Member States, impacting on the functionality of coordination mechanisms 'in the field'.

New pilots, supported by the Netherlands, were recently initiated in Ethiopia, Ghana and Rwanda for joint programming, involving Commission, EEAS and Member States.[222] However, it is too early to come to a judgment.

Cooperation and coordination at Commission level

The Cotonou Agreement specifically states that in the preparation of country programmes consideration is to be given to 'other possible Community resources' (presently these

[219] See *inter alia* Grimm (2008), Grimm et al (2009), WRR (2010) and Barder et al (2010).

[220] The Commission observed in this respect in 2011 that 'reprogramming also continues to be the result of unilateral portfolio decisions at donor headquarters', with donors reluctant to leave 'attractive sectors' (Commission (2011e)).

[221] In 2007, OECD recommended that Commission and Member States were to 'further clarify their respective operational roles and ensure strategic use of comparative advantages to manage and deliver European development co-operation in country, and across countries and sectors' (OECD (2007)). The Commission was 'encouraged to work with the Member States to differentiate better their respective roles in countries and to prioritise the sectors it targets for assistance, ensuring that it does not spread itself too thinly as a donor agency' and to agree 'on the details and implementing the most appropriate division of labour'. According to WRR (2010), '(combining) the role of coordinator of Member States' policy with being the 28th donor is not workable and leads to much friction with other donors in recipient countries. Focus on its coordinating role could be combined with a concentration on the themes and areas in which the EU clearly has added value, and which European citizens consider legitimate issues for the EU'. According to the same source, '(in) practice, rather than being an umbrella organization or a body that pursues a coherent policy, the EU has become much more an additional donor, contributing to the further fragmentation of aid. For the time being, it seems likely that the EU will play little more than a limited role in harmonizing and coordinating policy. Some progress, however, can be noted'. Barder et al (2010) refer in this respect to 'Brussels leadership versus stagnation on the ground, with the EU Code of Conduct lacking leadership both at Headquarters and country levels and the need for clarity as to the mandate of the EC in promoting division of labour'.

[222] See KST 21501-04-143 (2012) and KST 21501-02-1179 (2012).

include the various EDF facilities for water, energy and African infrastructure and the DCI thematic programmes).[223] The data shows that this is more easily said than done: few evaluations are positive about the way in which the different EU aid instruments are programmed and coordinated with the EDF. The different facilities operate on the basis of calls for proposals; the outcome thereof is unpredictable in terms of timing and content and alignment with national priorities and, henceforth, with the CSP. As a result these other instruments risk being supply rather than demand driven and less aligned with countries priorities. Having facilities outside the national programme, may also distort the sector focus of EU aid that was agreed upon while Delegations have at times neither the responsibility nor the capacity to handle all cooperation instruments.

7.3 Sector focus at country level and the issue of comparative advantage/added value

With the Joint Statement on the European Community's Development Policy of 2000, Commission and Member States committed themselves to focus on a limited number of sectors at country level. At this level, it is reported that in 90 % of the EU's small national indicative programmes (NIPs), 85 % of the funds is focused on one sector and on GBS. In some cases, being one of the very few donors present, or the only one, the Commission has had to adapt the principle of concentration to reality (e.g. the Pacific). For large NIPs, the number of sectors is often bigger: in 25% of the cases it is four or more, including GBS, and in 30% of the countries, total EU aid is spread over more than six sectors.

Table 7.1 shows the set-up of the programmed A-envelope of the EU country programmes by sector in the four case study countries for the 9th and 10th EDF (excluding the above mentioned DCI thematic programmes and the EDF funded facilities). The table shows that sector definitions can be rather wide (e.g. 'good governance') and that the term 'non-focal sectors' can indeed cover a very broad range of intervention areas.[224] This confirms what OECD observed in 2012: 'While in many countries the EU programme may be grouped under three main headings, it can involve many sectors and sub-sectors (OECD (2012)).

[223] As is evident from e.g. Ethiopia, such other sources may represent a considerable but at the same time variable share of aid disbursement at country level: some 34% in 2003, 19% in 2006 and 10% of disbursements in 2011.

[224] See also the EU Toolkit on this, noting that sector definitions may be *very wide* and cover a vast area ('human development'). In this case concentrating on a limited number of sectors will be relatively easy but will not have much effect on aid effectiveness as aid will remain scattered across a wide variety of activities, and complementarity will only be considered at a highly aggregated level.

Table 7.1 Country programmes by sector and resource allocation (Envelope A) (in EUR mln)

	EDF	Focal				Non-focal
Burkina Faso	9	Macro-economic support (150)	Transport (100)	Rural development and food security		Democratic governance
	10	Macro-economic support (320)	Basic infrastructure and transport (140)	Good governance (50)		Integration and regional cooperation and institutional support
Ethiopia	9	Macro-economic support (58)	Transport (239)	Food security (60)	Protection of Basic Services (150)	Governance and decentralization, Human Rights, democratic institutions and civil society (33)
	10	Macro-economic Support and Governance (244)	Transport and Regional Integration (250)	Rural development and food security (130)		Conservation of Ethiopia's cultural, biological and environmental heritage and de-mining action (20)
Rwanda	9	Macro-economic support (50)		Rural development (62)		Good governance / institutional support; civil society; regional integration and stability (12)
	10	General budget support (175)	Infrastructure for regional inter-con-nectivity (42)	Rural development (40)		Justice, Reconciliation, Law and Order Sector; Voice and accountability; Statistics, PFM, trade, regional integration and business development; technical cooperation facility (33)
Uganda	9	Macro-economic support (92)	Transport (130)	Rural development (18)		Decentralisation, good governance, non-state actors (45)
	10	Macro-economic support (186)	Transport (172)	Rural development (60)		Democratic governance, non-state actors, support for NAO (21)

The question is, from a Dutch perspective, whether this sector focus indeed adequately represented the EU's 'added value'. For this purpose, we looked at the EU and Dutch programmes in Burkina Faso, Ethiopia and Rwanda. Table 7.2 shows that in these countries, EU aid moves in sectors that are not covered by Dutch aid, in particular road infrastructure and macro-economic support or general budget support and that vice versa, health is more specifically dealt with by the Netherlands. In all countries, the two operate in areas like good governance, justice, human rights and civil society and, in the case of Ethiopia, food security. Both the Commission and the Netherlands use broad definitions of sectors, allowing a presence in a range of areas that reflect the debates on aid priorities that are taking place in Europe and the Netherlands.

Table 7.2 Sectors of cooperation, EU and the Netherlands in Burkina Faso, Ethiopia and Rwanda

	Burkina Faso		Ethiopia		Rwanda	
	EU	**Netherlands**	**EU**	**Netherlands**	**EU**	**Netherlands**
9th EDF (2002-2007)	Macro-economic support	Education and health sector support	Macroeconomic support	Health (including HIV/AIDS)	Macro-economic support	Regional security Decentralisation Cross-cutting issues (civil society, environment, gender)
	Transport	Infrastructure development and capacity building	Transport			
	Rural development		Food security	Food security	Rural development	Rural development
	Democratic governance	Good governance	Protection of Basic Services	Education	Non-focal: good governance/ institutional support; civil society; regional integration and stability	Rule of Law Participation and accountability Good governance (human rights, demobilization, disarmament, rehabilitation, legal counselling)
	Regional integration and private sector development Non-focal: culture	Enhance business environment	Governance and decentralization Human rights and democratic institutions; civil society	Cross-cutting programmes		
10th EDF (2008-2013)	Macro-economic support Macro-economic framework and private sector development	2008-2011 Education and health sector support Development of rural areas	Macroeconomic support and governance	Good governance + anti-corruption	MDG-Contract	
	Basic infrastructure and transport	Agricultural and private sector development	Transport (and regional integration)	HIV/AIDs and reproductive health	Sector Budget Support Rural Feeder Roads	
	Support for political and local governance	Good governance and human rights			Infrastructure for regional Interconnectivity (roads)	2008-2011 Justice and Good Governance Economic and Private Sector Development
	Integration and regional cooperation		Rural development and food security	Food security Environment	Sector budget support for decentralised agriculture	
	Non-focal: culture		Non-focal: support for Ethiopia’s cultural, biological and environmental heritage; de-mining action	Cross-cutting programmes, including gender Peace rehabilitation	Social Protection; Justice, Reconciliation, Law and Order Sector; Statistics, PFM, trade, regional integration and business development	

Against this background, we also looked at what country and regional evaluations had to say about the comparative advantage or added value of EU aid. A first conclusion is in this respect that interpretation or operationalization of the terms remains difficult. A second conclusion is that opinions vary considerably and are at times contradictory with respect to the sectors in which the EU has a comparative advantage or added value.[225] However, the evidence base for coming to these opinions is not always well documented and frequently reference is made to 'potential' added value. According to a range of evaluations, the Commission derives its comparative advantage or added value from the volume of resources available, generally exceeding that of the individual Member States. This aid volume is said to have facilitated policy dialogue with Government and the adoption of key policies (macro-economic, poverty reduction, sector policies). Budget support could reach a critical mass for 'more visible and effective outcomes'. Aid volume also was specifically put into relation with the added value of the Commission's interventions in the field of road infrastructure. Finally, and this goes back to the issue of coordination, added value is at times described in terms of the Commission's role in lining up the Member States, combining its hats of '*fédérateur*' and donor – though not necessarily in terms of coordination and cooperation.

7.4 Results

Introduction

The following paragraphs focus on the key question: what can we say about results? They focus on a limited number of areas, i.e. budget support, education and health, infrastructure, and rural and agricultural development, primarily because these account for a major share of EDF expenditures. In relation to budget support, a separate section is devoted to the way in which this was managed by the Commission. Attention is also paid to the way in which cross-cutting themes like gender have been addressed. Findings are based on the country evaluations that were conducted on behalf of the Commission in the period 2004-2012, and were judged 'good' by the JEU, as well as a series of recent thematic evaluations. They reflect both the views of the evaluators involved on whether they considered what had been satisfactory or not (see for details of this assessment Annex 5) and more specific results found for the four case study countries.

Budget support under the EDF

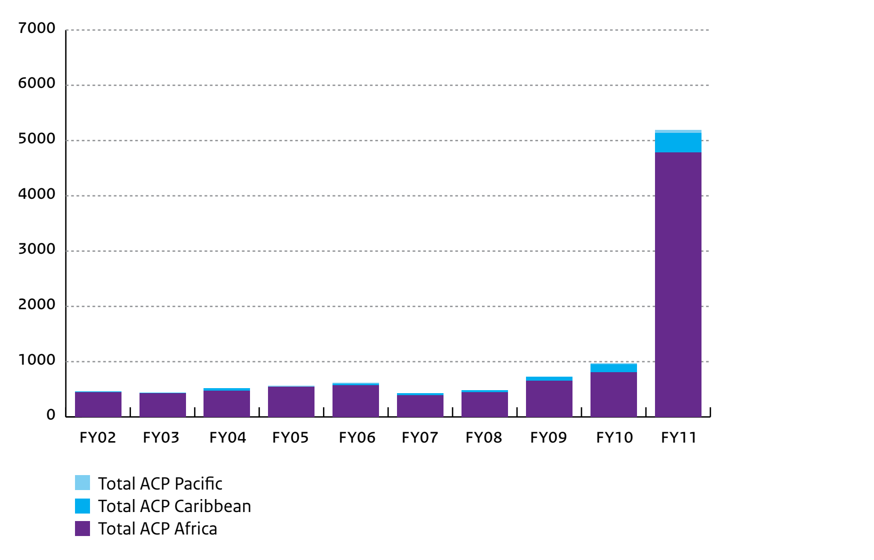
Budget support funding

In the period 2002-2010, the Commission has committed a total of EUR 6.2 billion for general budget support (GBS) under the EDF, with over 90% meant for Africa. The biggest amount (EUR 2.2 billion) was committed shortly after the start of the 10th EDF in 2008 (see

225 The Ethiopia evaluation reported 'that that too many development partners considered themselves having comparative advantages in (too) many sectors. The EU stated its comparative advantage as being in: Agriculture (which 14 other development partners also did), Governance (which 8 other development partners also did), Infrastructure (which 6 other development partners also did) and Trade (which 3 other development partners also did)' (ECO Consult consortium (2011a)).

Figure 7.1) and the signing of the MDG contracts.[226] GBS commitments as a share of total EDF commitments for the year have fluctuated; it was 6% in 2006 and around 24% in 2010. In the three case study countries that have received GBS, its share of total EDF resources has been considerable: 62% in Burkina Faso, 80% in Rwanda and 42% in the case of Uganda under the 10th EDF. Comparing the 9th and the 10th EDF, Mackie et al (2008b) found that: (a) general budget support increased from 22.9% to 31.4% of the total NIPs while sector budget support rose from 8.8% to 16.5%; (b) the number of countries receiving budget support has increased from 25 to 43.The use of SBS also varies according to sector, from basically none in conflict prevention and environment, only 4.7% in trade and high shares in governance (20%), human development (27%) and rural development (30%).

Figure 7.1 *GBS commitments under EDF by region, 2002-2010 (in EUR mln)*



In terms of GBS disbursements, Table 7.3 shows that these have totalled some EUR 5.2 billion in the period 2002-2010, with a peak reached in 2010. Data on general budget support disbursements per ACP country are provided in Annex 4 (Table A.4.5). Burkina Faso, Ghana, Mozambique, Tanzania and Zambia (all having MDG contracts), accounted for close to 37% of all transfers.

226 Data from Commission (2007e), (2008b), (2009t), (2010aa) and (2011ac). According to the Commission in 2010, '(total) commitments for budget support rose by 110% from EUR 3.9 billion for 2001-2004 to EUR 8.5 billion for 2005-2008' (Commission (2010ac)).

Table 7.3 EDF general budget support disbursements by region, 2002-2010 (in EUR mln)[227]										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Africa	451	432	474	544	571	391	478	658	813	4,781
Caribbean	9	1	44	1	19	37	29	68	143	359
Pacific	6	0	0	17	15	0	1	1	15	54
Total	**466**	**433**	**518**	**562**	**615**	**428**	**478**	**727**	**971**	**5,194**

On sector budget support, Commission data refer to sector policy support programmes that were introduced under the EDF. These include sector budget support, pool funding as well as project funding. In the absence of expenditure data, Table 7.4 provides information on sector budget support commitments by region with a total commitment of over EUR 2 billion for the years 2003-2010. Benin, Ethiopia, Mali, and Zambia account for more than 51% of these commitments.

Table 7.4 EDF sector budget support commitments by region, 2003-2010 (in EUR mln)[228]									
	2003	2004	2005	2006	2007	2008	2009	2010	Total
Africa	116	88	171	282	227	432	258	205	1,779
Caribbean	7	11	4	91	16	33	0	55	215
Pacific	3	0	0	0	0	0	15	7	25
Total ACP	**126**	**99**	**175**	**373**	**243**	**465**	**273**	**267**	**2,019**

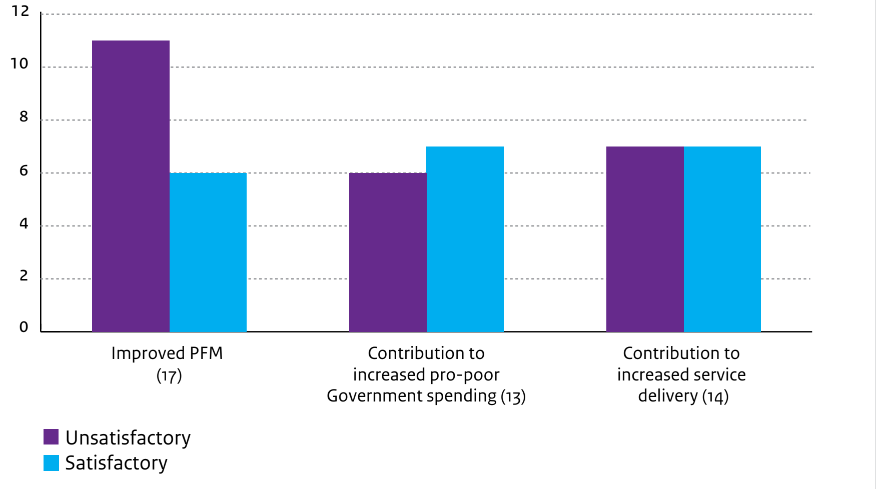
Budget support results

In relation to general budget support, we looked at whether EU country evaluations considered that improvements in the following three aspects were satisfactory or not: (i) public financial management; (ii) pro-poor spending by partner Governments and (iii) service delivery. Findings (summarised in Figure 7.2) show that evaluations are relatively more positive about the contribution of general budget support to increased pro-poor Government spending but equal out on whether this increase has actually resulted in improved service delivery. The picture does not change fundamentally when excluding evaluations that were conducted before 2007 and which could reflect the pre-reform situation.

[227] These data were obtained from the Commission on 2 August 2012; they are not published.

[228] For the period 2003-2008, data obtained from the Commission by e-mail on 2 August 2012. For the years 2009 and 2010, the data are adapted from Commission (2007e), (2008b), (2009t), (2010aa) and (2011ac).

Figure 7.2 *Evaluation views on general budget support*



The findings also make clear that there have been results in terms of improved public financial management but that PFM remains a concern in most countries and that there continues to be a need for improvement. This confirms observations made by the European Court of Auditors (2010b) on the results of general budget support related capacity building[229] (see further the paragraphs on budget support management below). A general observation is furthermore that effective support was provided to PFM reform and other reforms when government and society were already committed thereto, but proved unable to generate such commitment where it did not previously exist.

Looking at the four case study countries, general budget support was provided to Burkina Faso, Rwanda, and Uganda but not to Ethiopia, even though the multi-donor Protection of Basic Services programme operated along similar lines. In all three countries an MDG contract was concluded: EUR 175 million in both Rwanda and Uganda and EUR 343 million in the case of Burkina Faso.

In addition, in line with the emphasis on public financial management and the need for better monitoring, EU support has been provided to strengthen local institutions in these domains. In Uganda, this has meant institutional and capacity building support (technical assistance, equipment, funding for reviews in the health and education sectors as well as surveys and monitoring and evaluation assignments) to the Budget Department, the office of the Prime Minister, and the Ugandan Bureau of Statistics. In Rwanda, EU support has been provided through a multi-donor (DFID, EU, UNDP) basket fund managed by UNDP in

[229] The Court observed in relation to the 10th EDF that 'capacity-building support has made useful contributions, especially when support was provided in response to a clear demand from the partner country' – though part of the funds available had not been used while in some cases funds did not contribute directly to building sustainable capacity in the partner countries.

support of the National Institute of Statistics and, together with DFID, through a World Bank managed Trust Fund in support of PFM reforms. In Burkina Faso, support was *inter alia* given to the Statistic Health Directorate of the Ministry of Health. The main results reported in the country evaluations are shown in Table 7.5.

Table 7.5 Main results reported from general budget support in Burkina Faso, Rwanda and Uganda

	Burkina Faso	Rwanda	Uganda
Improved public financial management system			
Improvements in collection and treatment of data			
Increased country budget spending, resulting in the expansion of social services (health, education, safe water), in particular for the poor.			
Improved policy dialogue and better policies/standards in key areas			
Increased national public resources			

The evaluations indicate that general budget support has made more money available to invest in social services delivery, especially in education and health. It provided additional resources to Government to spend on the construction of schools and health clinics, training and paying of teachers and nurses, buying of books etc. This corresponds with findings reported by Caputo et al (2011) for Mali and Zambia and in IOB (2008) and IOB (2012).[230] In 2012, the Commission reported for Burkina Faso that as a result of general budget support (which was not solely provided by the EU!), Government budget allocations to health increased from 11% to 12.1% and from 14.3% to 16.2% for education over three years. In the case of Uganda, support to the Poverty Action Fund had given local administrations an opportunity to engage in larger pro-poor projects (especially in social services provision) in their districts. At the same time, in view of limited progress in implementing anti-corruption policies, procurement legislation and improvement to the credibility and transparency of its national budget, the EU has withheld its 'public finance reform-related annual performance tranche' (ICAI (2012)) over the last three years and by the end of 2012, all donors, including the EU, had suspended their budget support to Uganda.

Budget support management

The European Court of Auditors' assessment of the way in which the Commission has handled financial management and risk issues related to general budget support has become more positive over the years.[231] The Court has nevertheless maintained a critical stance on the way in which the Commission has dealt with the interpretation of the three key eligibility criteria mentioned in the Cotonou Agreement, i.e. sufficiently transparent,

230 IOB (2008) assessed general budget support provided by the Netherlands to Burkina Faso, Ghana, Mozambique, Tanzania and Uganda. The case studies done within the framework of IOB (2012) related to Ghana, Mali, Nicaragua, Tanzania, Vietnam and Zambia.

231 See Court of Auditors (2001b), (2003), (2004), (2005b), (2005c), (2007), (2008), (2009a), (2010), (2010b), and (2011a) as well as Commission (2008a) and (2010r).

accountable and effective PFM, well defined macro-economic or sector policies in place and sufficiently open and transparent public procurement.

A first issue to the Court was that the Commission, like other budget support donors, had interpreted the PFM conditions for budget support 'dynamically'. This meant that weaknesses affecting PFM at the time of the financing decision did not preclude the launch of a budget aid programme, provided that the will for reform existed and that the reforms were deemed to be satisfactory. To correct this state of affairs, from 2002 onwards, each financing proposal had to include an annex describing the state of PFM. EU Delegations were required to report on the monitoring of developments in this field and the Commission issued a methodological guide for the programming and implementation of budget support for third countries (Court of Auditors (2005c)). The Commission agreed also to improve the quality of the budget support financing agreements, e.g. regards eligibility criteria and conditions for disbursements in subsequent years (Court of Auditors (2005b)). The Court nevertheless continued to ask for a more thorough appraisal of PFM developments, increased monitoring of the reforms that were intended to improve PFM and for more attention for problems related to corruption (Court of Auditors (2005c)). Since then, the Court has noticed improvement in the quality of the financing agreements, though further improvement was needed, e.g. in terms of providing the necessary clarity on the disbursement of the variable tranches.[232] In 2010, it concluded that in line with its earlier recommendations an 'in the context of the Commission's dynamic interpretation (..), EuropeAid demonstrated in a formalised and structured manner compliance with the Cotonou Agreement requirements' and that satisfactory action had been taken as regards the improvement of 10th EDF financing agreements on budget support'.

On the second issue of fiduciary risks related to the release of budget support tranches, the Court found that budget support payments, mainly under the 9th EDF and the V-FLEX Facility, were 'affected by a high frequency of non-quantifiable errors due to lack of formalised and structured demonstration of the compliance with payment conditions.' This was the case primarily because 'the Delegations' public finance management assessment reports did not explain the criteria against which progress had to be assessed .., the progress made and the reasons why the reform programme may not have been implemented according to the recipient Government's plan (Court of Auditors (2010) and (2010b). This changed in the course of 2010, following the introduction of a revised framework for monitoring and reporting on progress in PFM: no such errors were found in the transactions examined for the second half of 2010 (Court of Auditors. (2011a)). A significant improvement was furthermore the change in Delegations' annual reporting on reforms of PFM systems. In 2011 the Court considered that its recommendations in this respect had been fully implemented.

232 See also Commission (2008a) on PFM assessments and the role of EU Delegations in monitoring progress and reporting.

A third issue raised by the Court (Court of Auditors (2005c)) concerned the limited involvement of the parliaments and supreme audit institutions of the partner countries. Finally in 2010, the Court of Auditors made the following main observations on the Commission's management of general budget support (Court of Auditors (2010b)):

- Objectives of general budget support programmes were very similar across the different countries. Insufficient account was taken of each country's specific and changing priorities and development strategies, its PFM reform priorities, other Commission programmes and programmes of other donors. Moreover, these objectives were in most cases in rather general terms and did not set out clearly what the programmes were expected to achieve and by when.
- The Commission had set its variable tranche performance indicator targets on an annual basis although year-on-year progress in some areas could only realistically be expected in terms of small percentage increases. The incentive effect of the variable tranche mechanism was likely to be less than intended. Moreover, it was often difficult to set appropriate and realistic targets for the performance indicators while unreliable data could make it difficult whether indeed those targets had been achieved or not.
- The predictability of the Commission's disbursement of general budget support was generally good and had improved through the introduction of the MDG contracts.

The Court furthermore observed that the Commission actively supported and participated in joint donor agreements with the partner country, with common principles and procedures for conducting dialogue (Uganda is an example (see Text Box 7.2)). This enabled the Commission to conduct a dialogue on the national budget and PFM, but less so in other areas, one reason being that there is not sufficient expertise in many Delegations in the priority areas covered by the general budget support programme objectives, including PFM.[233]

[233] On this issue of dialogue, the special report of 2005 refers to a usually formalized dialogue with Government but that the dialogue with parliaments and supreme audit institutions is often insufficient because of their institutional weakness and their often weak position vis-à-vis both Government and the donor community.

Text Box 7.2 *Managing budget support in Uganda*

In Uganda, the Government and Development Partners (EU, World Bank, Austria, Belgium, Denmark, Germany, Ireland, Netherlands, Norway, Sweden, and the UK) agreed to cooperate and manage budget support through an annual Joint Budget Support Framework (JBSF). Its aim was to reduce poverty by supporting the Government in the implementation of its National Development Plan and to make the provision of such support transparent and predictable, by harmonizing performance assessments and aligning the timing of budget support decisions to the national budget process. The JBSF was managed by a Joint Budget Support Policy Committee, chaired by the Government and co-chaired by the World Bank, and a committee that resided in the JBSF Development Partner Group. There was also a series of sector working groups that provided indicators, targets and suggestions for actions needed. A Technical and Administrative Support Unit was established through a Multi Donor Trust Fund managed by the World Bank. Under the 10th EDF, the EU channelled capacity building support through this Fund.

A three-year rolling Joint Assessment Framework recorded a set of conditions, selected indicators, targets and actions that were agreed upon between the parties involved. It provided, together with the JBSF, the basis for dialogue and assessment of performance. The Framework was aligned with the Government's own reform objectives, presented the Government's commitments to achieve both sector-specific and cross-cutting indicator targets and actions in the areas of governance and institutional restructuring.

As part of the process, the Government prepared an Annual Performance Report that provided information on its achievements in the preceding financial year. This report was then appraised and scored by the JBSF development partners for each indicator and action. The main indicators related amongst others to procurement practices, domestic revenue generation, credibility of the budget, and specific topics in the fields of health (e.g. the number and proportion of children immunized with DPT), education (e.g. survival to final grade primary education by gender), transport (e.g. the number of km of national roads maintained to specified standards) and water and sanitation (e.g. % of people within 1.5 km of an improved water source in rural areas). In addition, development partners made an assessment of the so-called 'underlying principles' governing their relations with Uganda (i.e. peace & stability, democracy, human rights and rule of law/access to justice) and of the Government's compliance with a set of so-called 'preconditions for effective and efficient implementation of government policies.' These related to e.g. the Government's macro-economic policies, fiscal policies and budgetary control and oversight, initiatives taken to improve public financial management and procurement systems, Government efforts to fight corruption and the Government's commitment to poverty alleviation and economic growth.

Health

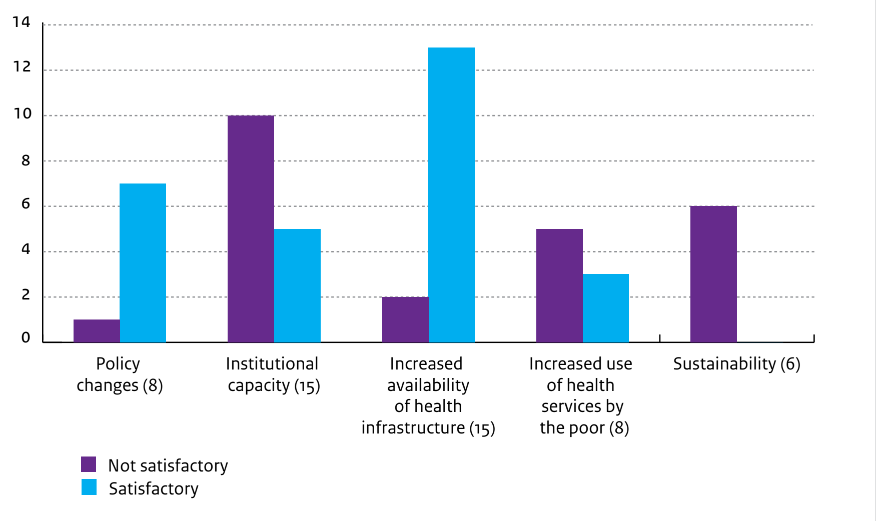
EU support for the health sector has been through general budget support and through a range of specific interventions (see Table 7.6). We looked at whether country evaluations considered that changes with respect to the following aspects were satisfactory or not: (i) health policies; (ii) institutional capacity, (iii) availability of health services; (iv) access to these services by the poor and (v) their sustainability.

Table 7.6 Main EU supported interventions in health

	Angola	Benin	Central African Republic	Chad	Congo	Ethiopia	Ghana	Guyana	Lesotho	Liberia	Malawi	Mozambique	Niger
Policy and programme development	X		X	X	X	X			X				X
Institutional development							X	X	X				
Health infrastructure, equipment and supplies	X	X		X	X					X			
Staff training (management, technical)	X		X				X				X	X	

The results (see Figure 7.3) indicate that evaluations are more positive about progress in terms of policy changes and increased availability of health services, but less so on the other issues.

Figure 7.3 *Evaluation views on health (total n=15)*



Findings are not too different from what was reported in the European Court of Auditors' special report No. 10/2008 on EU development assistance to health services and the 2012 thematic evaluation on EU support to the health sector: both are positive on the contribution made to improved quality of health services and improving access to these services. According to the evaluation this has also been the case for the poor (by contributing to a reduction in the costs of health services) and in disadvantaged, remote and post-conflict areas while the Court observed that 'the (EDF) projects examined by the Court in most cases did not specifically target the poorer sections of the population'. Also the country evaluations are less optimistic in this respect. The evidence on the contribution to strengthening aid management and governance is mixed; this was also observed in Burkina Faso, where problems in health statistics made it difficult to come to hard conclusions on health service delivery despite support given to the Statistic Health Directorate of the Ministry of Health. All country evaluations that express an opinion on sustainability indicate their concern; the issue is also raised in the above two reports.[234] Main issues are human resource constraints, 'the persistent and continuing under-resourcing of health sectors by beneficiary governments' and unaddressed needs in the area of health finance reform.

Observations in the evaluation reports on the four case study countries give the following picture. *Burkina Faso* observed improvements in terms of presence of qualified health staff in the *centres de santé* as well as improvements in vaccination coverage. The share of births

[234] Particip (2012) refers in this respect to 'the persistent and continuing under-resourcing of health sectors by beneficiary governments' and '(while) the evaluation has found some clear evidence of successful impacts, it is unclear whether many of these will persist once donor support is withdrawn'..

attended by qualified health staff increased from 31% in 2000 to 62% in 2008. Key problem remains the rapid population increase of 3.1% per year. In *Ethiopia*, within the frame of the EU supported Protection of Basic Services programme, funding was provided to ensure deployment of (female) health extension workers since 2003 and for the development of health sector plans at *woreda* level. Access to health services in the areas covered by the programme has improved but with uncertainties as to the quality of these services. Quality improvements have not been able to follow the fast expansion in access, partly because of a still unfunded financing gap and limited human resources. As for *Rwanda*, the EU's main contribution was in terms of construction and rehabilitation of health infrastructure. This resulted in improved access to health services, also for the poorest in society. In the case of *Uganda*, EU budget support contributed to a better coverage of social services. Since user fees were abolished, the poor had better access. The quality of these services remains poor, particularly because of a lack of funding for essential drugs and a high percentage of unfilled positions for qualified health staff.

Education

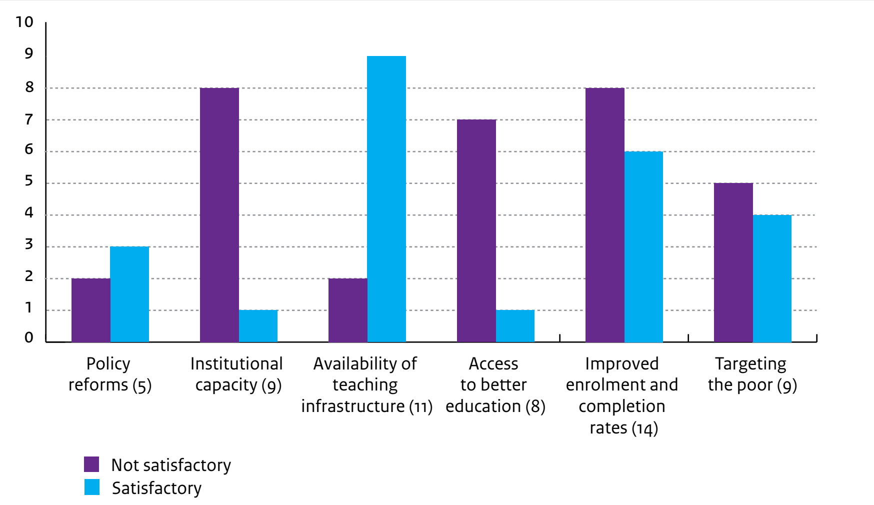
In addition to providing general budget support, impacting indirectly on education sector development, EU aid served a broad range of specific interventions in this sector either through specific programmes or education sector budget support (see Table 7.7).

Table 7.7 Main EU supported interventions in education

	Angola	Botswana	Comoros	Dominicqn Republic	Ghana	Liberia	Namibia	Nigeria	Tanzania
School construction and/or rehabilitation									
Education sector policy development									
Teacher training									
Education sector management and administration (including management information systems)									
Education sector financing and financial management									

As regard education, issues were raised that are comparable to the health sector. Findings (Figure 7.4) show better results in the areas of policy change and increased availability of teaching infrastructure. While evaluations are somewhat more satisfied with what was accomplished in terms of enrolment rates and targeting the poor, teaching quality and institutional capacity continue to be concerns. Few evaluations are clear on sustainability; those that do, vary in their opinion.

Figure 7.4 *Evaluation views on education (total n = 14)*



The findings are in line with what was reported in IOB's evaluation Education matters: Policy review of the Dutch contribution to basic education 1999-2009 (IOB (2011)), which amongst others refers to serious concerns about the institutional capacity of education systems in many countries. In the case of Uganda, findings are not too different from what was reported in IOB's impact evaluation on primary education in Uganda of 2008: whereas the country had been successful in improving access to education by increasing the number of schools, classrooms, teachers and books and the net enrolment had increased to above 90%, the quality of education was still a major problem (IOB (2008c)). The findings also correspond with what was reported by the European Court of Auditors in 2010 (Court of Auditors (2010c)) and the thematic global evaluation of European Commission support to the education sector in partner countries (Particip GmbH (2010)). These reports refer amongst others to the contribution made to increasing access, especially in Sub-Saharan Africa, better enrolment than completion rates, and declining gender disparity. They are more critical as regard the quality of education, partly as a result of an insufficient numbers of qualified teachers. They also mention improvements in education sector resource management systems (policies, strategies, finances) but at the same time continue to identify constraints in terms of institutional capacity and limited effectiveness of EU aid to address these constraints.

Infrastructure

Transport infrastructure

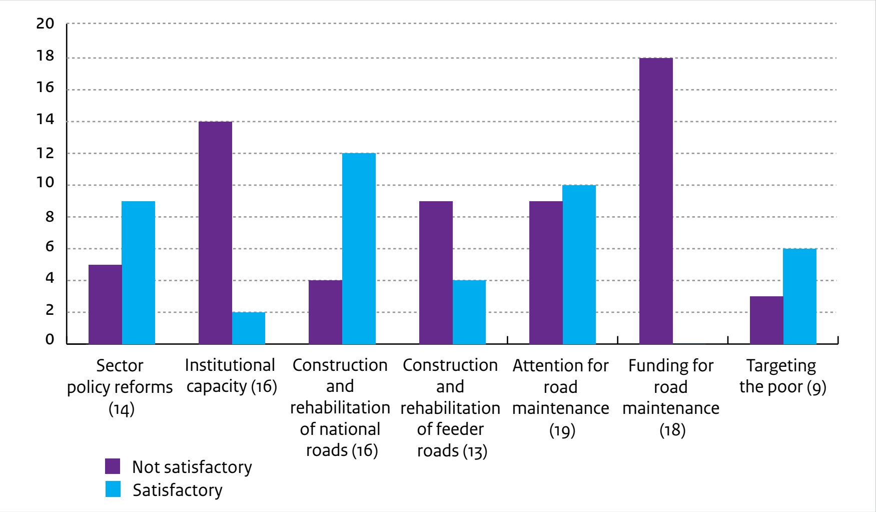
Transport infrastructure has historically been one of the main sectors of EU intervention under the EDF and is an area in which the EU is supposed to have comparative advantage. The EU has supported interventions ranging from road construction and rehabilitation to the strengthening of institutions in a large number of countries (see Table 7.8). In relation to road infrastructure, we looked at whether country evaluations considered that changes with respect to the following aspects were satisfactory or not: (i) sector policies; (ii) institutional capacity; (iii) construction and rehabilitation of national roads and (iv) feeder roads; (v) road maintenance and (vi) funding thereof. In addition, we examined whether the evaluations said anything about whether the infrastructure programmes were actually specifically targeting the poor.

Table 7.8 Main EU supported interventions in transport infrastructure

	Road /railway construction and rehabilitation	Road maintenance	Policy development	Institutional support and staff training
Benin	■	■		
Burkina Faso	■	■	■	■
Central African Republic		■		■
Chad	■		■	■
Comoros	■			
Congo	■		■	■
Djibouti	■	■		■
Ethiopia	■	■	■	■
Ghana	■			■
Lesotho	■	■	■	■
Liberia	■	■		
Malawi	■	■	■	■
Mali	■			
Mauritius			■	
Mozambique	■	■		■
Niger	■	■	■	■
Rwanda	■	■	■	■
Senegal	■	■	■	■
Tanzania	■	■	■	■
Uganda	■	■	■	■

Findings, shown in Figure 7.5, indicate that the results in terms of policies and physical results are rated more satisfactory as far as national roads are concerned; this is less the case for feeder roads.[235] The evaluations are more critical about the attention given to building up of the necessary institutional capacity, while for all, future funding of maintenance remains a concern.[236]

Figure 7.5 *Evaluation views on transport infrastructure (total n=18)*



The picture does not change dramatically when excluding evaluations that were conducted before 2007 and which could reflect the pre-reform situation. The exception is that newer evaluations are comparatively more positive about the targeting of road infrastructure on the needs of the poor. This is in line with the recommendation made in 2004 to '(put) sharper focus on the contribution of EC transport sector interventions to poverty alleviation' (ADE (2004)).

The findings from the four case study countries in Table 7.9 make clear that the EU has focused on major/national roads that provide better connections with major urban centres and neighbouring countries (e.g. road construction for the Northern corridor route in

235 On policies, this is in line with what was reported also in 2004: 'In ACP countries, EC interventions contributed to the formulation and implementation of transport policies consistent with a sectoral approach to transport aiming at a sustainable development of the sector' (ADE (2004)).

236 Again, this is not too different from what was observed in ADE (2004): 'Although progress has been registered, sustainability of transport is far from secure in most ACP countries. The resources allocated to maintenance remain short of need. Infrastructure investments are financed to a large extent by foreign aid and will continue for a long time to rely on foreign funding. Enhancing the capacity of government agencies would imply far-reaching civil service reforms that governments are reluctant to implement'.

Uganda, linking Burkina Faso with Cote d'Ivoire and Ethiopia with Djibouti) . Rural road networks are less addressed, though in the case of Uganda there have been close links with a major Danish feeder road programme. Road construction is moreover financed from both national and regional programmes. In all countries, evaluations mention that road construction has resulted in improved market access, also in more remote areas. Except in the case of Rwanda, it was also said to have contributed to increased commodity flows while in the case of Ethiopia specific reference was also made to a reduction in travel time.

Table 7.9 Main results reported on transport infrastructure in four case study countries

	Burkina Faso	Ethiopia	Rwanda	Uganda
Improved transport policies and regulatory framework				
Main/national roads constructed and/or rehabilitated and in fair condition				
Improved road maintenance				
Strengthened road sector (management) institutions				
Strengthened national transport policies				
Improved road maintenance				
Improved road safety				

More specifically, EU aid in *Burkina Faso* supported the Government in establishing the *Office national de sécurité routière*. It also financed the training of over 500 people employed at the *Direction des routes* and the *Direction des transports* as well as employees of the private sector, though more was needed to bring their performance to an acceptable level. Frequent overloading of trucks is bound to contribute to rapid deterioration of the road network. Functioning of the road maintenance fund, which is not supported by the EU, though it contributes some 22% of the funding for road maintenance, is not optimal. In *Ethiopia*, EU technical assistance had contributed to the development of a comprehensive policy framework for the Road Sector Development Programme. Support was given to build up the capacity of the Ethiopian Road Authority and its branches in the regions (e.g. in programming, data management, finances). According to the evaluation report, institutional performance in respect of procurement, contractual management and engineering design has been on the increase at central level, though below expectations, while in the regions improvements are limited. At the same time, feeder road network extension and rehabilitation was relatively neglected. Road maintenance is a continuing concern, one reason the poor quality of the construction works, limited funding another, but has seen little EU support. In *Uganda*, key element of EU support to the roads sector has been the improvement and rehabilitation of main roads: 555 km with a budget of some EUR 335 million. EU funding has helped national funds to be available for development and maintenance, at least in the short run. Though support has been provided for the management of the national Road Fund, in the longer term, financing of maintenance and operations remains an issue, as was also underlined by ICAI (2012). Institutional support was furthermore provided to the Ministry of Works and Transport as well as the Uganda National Roads Authority.

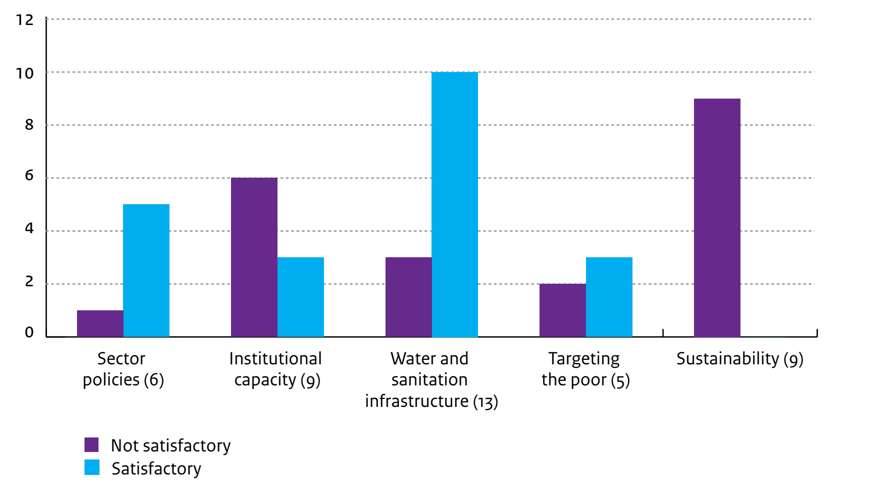
Water and sanitation
The EU has supported the development of the water and sanitation sector in a series of countries. Water and sanitation was at times one of the EU's focal sectors, in other countries interventions were small scale only and funded through micro-projects. Interventions ranged from the expansion and improvement of water and sanitation infrastructure to support for water user organisations (see Table 7.10). They were carried out with government institutions (such as *the Office national de l'eau et de l'assainissement* in Burkina Faso and the *Office National de l'Eau et de l'Assainissement de Djibouti)* through NGOs (e.g. Chad), or a UN organisation like UNICEF (Djibouti). In relation to water and sanitation, we looked at whether country evaluations considered that changes with respect to the following aspects were satisfactory or not: (i) sector policies; (ii) institutional capacity; (iii) construction and rehabilitation of water and sanitation infrastructure and whether these served the poor and (iv) sustainability prospects.

Table 7.10 Main EU supported interventions in water and sanitation

	Angola	Burkina Faso	Chad	Comoros	Djibouti	Ghana	Guyana	Lesotho	Liberia	Namibia	Niger	Nigeria	Senegal	Seychelles
Water infrastructure	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Sanitation infrastructure	■	■	■		■	■		■	■		■	■		
Institutional aspects	■	■	■		■			■		■	■	■		
Financial aspects		■	■					■						
User organisations			■								■			

Findings (see Figure 7.6) indicate that results in terms of policies and physical results are rated more satisfactory than those in terms of institutional capacity and sustainability. Few evaluations refer to targeting of the interventions on the poor, reflecting that EU interventions tend to support larger interventions for entire populations (e.g. the rehabilitation of water supply of Monrovia (Liberia)).

Figure 7.6 *Evaluation views on water and sanitation (total n=13)*



With respect to the four case study countries, water and sanitation were to a limited extent covered under the Productive Safety Net Programme in Ethiopia while in Rwanda some support was given within the framework of the *Ubudehe* programme. In Uganda support was financed from the EU-Water Facility and micro-project programmes, with the evaluation reporting that this support, 'has contributed to the improvement of access to drinking water' (ECO Consult Consortium (2009c)). Only in the case of Burkina Faso were water and sanitation a clear priority: support for the sector was some EUR 100 million under the EDF plus EUR 9 million under the ACP-EU Water Facility and EUR 3.2 million through NGO budget lines. The EU supported interventions in Ouagadougou and several rural regions. According to the country evaluation (ECO Consult Consortium (2010d)), the interventions have effectively targeted low-income populations (680,000 in the case of Ouagadougou and over 600,000 in rural and semi-urban areas) in the field of drinking water and sanitation. Over the period 1999-2008, the main shortcoming identified related to the promotion of hygiene and basic sanitation in rural areas and semi-urban areas, both in terms of awareness raising and provision of related equipment. Support was provided to the *Office national de l'eau et de l'assainissement* to strengthen management and financing. Nevertheless, future financial sustainability remains an issue.

Rural development and food security

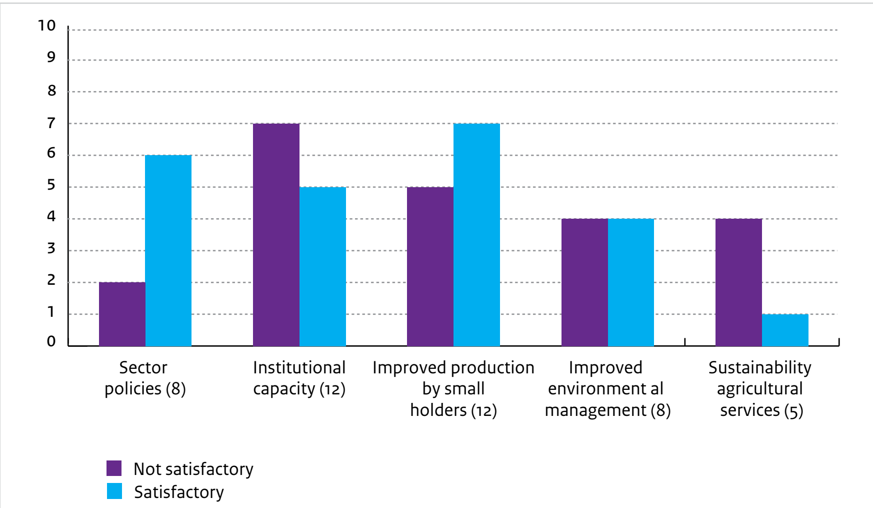
Rural or agricultural development has been one of the main sectors supported under the EDF in various ACP countries. Again a broad range of interventions was financed, from policy development to the provision of inputs to boost food production (see Table 7.11). In relation to rural development and food security, we looked at whether country evaluations considered that changes with respect to the following aspects were satisfactory or not: (i) sector policies; (ii) institutional capacity; (iii) changes in agricultural outputs by small holder farmers, (iv) environmental management and (v) sustainability prospects, i.e. expectations as regards continued functioning of agricultural services.

Table 7.11 Main EU supported interventions in rural and agricultural development

	Burkina Faso	Comoros	Ethiopia	Liberia	Malawi	Mali	Mauritius	Mozambique	Namibia	Niger	Rwanda	Tanzania	Uganda
Policy development	X		X		X	X		X		X	X		X
Institutional development and staff training	X	X			X	X	X	X	X	X	X	X	X
Inputs for food/cash crop production	X			X	X	X	X				X	X	X
Producer organisations	X	X		X	X	X			X	X			X
Environmental aspects		X	X		X	X	X				X		X

For the evaluations that dealt with rural or agricultural development, the findings are summarised in Figure 7.7. They show that evaluations are more positive about results in terms of introducing relevant sector policies and improved production at small holder level. This overall picture does not change dramatically when excluding evaluations that were conducted before 2007 and which could reflect the pre-reform situation. However, newer evaluations find that attention for the environment in agricultural development has increased.

Figure 7.7 *Evaluation views on rural/agricultural development (total n = 12)*



Findings are not too different from what was reported in thematic evaluations of EC support to agricultural and rural development in ACP countries (ADE (2007a) and (2012)) and by the European Court of Auditors (Court of Auditors (2012)). The 2012 evaluation observed that Commission support has contributed to an improved availability and use of market information and advisory services to producers and producer organisations – though with mixed results. On the issue of increased production and productivity, the 2007 evaluation comes to similar conclusions. However, interventions were generally in limited areas, which had reduced their overall impact. Exceptions were, as noted in the 2012 evaluation (ADE (2012)) when the Commission had addressed its support to the entire value chain (e.g. cotton in Burkina Faso and Ivory Coast and cacao in Ghana). The evaluations note critical issues in terms of: (i) limited impact on productivity – in terms of quality, quantity, yields or lower production costs; and (ii) EU Support to agricultural research in ACP countries, had so far done nothing to change this due to weak dissemination of research results. ADE (2007)) in this respect refers to *'la faiblesse des liens avec les opérations de terrain'*. The concerns expressed on institutional capacity and the sustainability of agricultural services are shared by the thematic evaluations and the Court of Auditors' report.

As regards the four case study countries, the picture is variable. In the case of *Burkina Faso*, EU aid has supported the development of various policies such as a National strategy for food security and the *Stratégie Sectorielle de Développement rural à l'horizon 2015*. Institutional support focused on the *Conseil National de Sécurité Alimentaire*, the *Société Nationale de Gestion du Stock de Sécurité*, and the *Comité National de Secours d'Urgence et de Réhabilitation*. The EU also contributed to improvement of agricultural statistics, but less so to the development of producer associations. Support was provided for animal husbandry as well as rice and cotton cultivation and for an increasing number of micro-finance institutions. In *Ethiopia*, EU aid contributed to the introduction of new crop varieties and expanded use of fertilisers and chemicals and enhanced environmental practices, with the evaluation of 2011 observing changes in terms of vegetation cover, terracing, and land use practices. A contribution was also made to the development of the country's Emergency Food Security Reserve and improved agricultural extension services. In *Rwanda*, EU support had supported the development of the *Plan stratégique pour la transformation de l'Agriculture.* EU funded training contributed to establishing '*un réseau de personnes capables de promouvoir un développement rural intégré*' to handle priority community investments for rural development under the *Ubudehe* programme. In addition, activities were supported to increase tea, coffee and pyrethrum production. In *Uganda*, EU support to the National Agricultural Advisory Service allowed the service to be present in 80% of the country's districts. Still, extension services reached only a minority of farmers, a majority of which stated that the quality of extension services for crop or animal husbandry was poor. Aid was also given to the National Agricultural Research System and for the establishment of close to 40 thousand farmers' groups (750 thousand farmers). The evaluation refers to 'evidence that EC support has contributed to improvement of the living situation in the Northern Province of the country' and anecdotal and case based evidence 'that agricultural production has increased in recent years' but that growth rates were 'considerably lower than expected'.

Cross cutting themes
Article 20 of the Cotonou Agreement – 'The Approach' – states that '(systematic) account shall be taken in mainstreaming into all areas of cooperation the following thematic or cross-cutting themes: human rights, gender issues, democracy, good governance, environmental sustainability, climate change, communicable and non-communicable diseases and institutional development and capacity building'. Article 32 furthermore refers to the 'mainstreaming environmental sustainability into all aspects of development

cooperation and support programmes and projects implemented by the various actors'. More specifically on gender, the Agreement also refers to encouraging the adoption of specific positive measures in favour of women. The revision of 2005 calls for a gender dimension and equality in poverty reduction strategies, promotion of sexual and reproductive health and rights of women and enforcing labour and social standards. It states that '(systematic) account shall be taken of the situation of women and gender issues in all areas – political, economic and social'. Outside the Cotonou Agreement, gender is mentioned in a range of Commission and/or Council documents.[237]
According to the OECD (1998), following the Gender Equality Resolution of 1995, the Commission had made 'major strides in the area of gender over the past decade, starting from a low base' and ACP country strategies and national indicative programmes increasingly referred to gender equality in preambles. Nevertheless only few contained substantive sections or proposals for improved gender equality. In 2002, OECD found that there remained a gap between 'policy statements and the actual practice' as a result of 'the lack of a gender strategy for the countries, of gender analysis of individual programmes and projects' (OECD (2002)). Five years later, it observed that 'gender issues were not consistently addressed in programme implementation' (OECD (2007)) and there remained a need to demonstrate successful actual implementation of gender policy. Again five years later, OECD observed that '(the) Commission has made progress in mainstreaming gender equality' (OECD (2012)). OECD highlighted the adoption of the ambitious EU Plan of Action 2010-15 on Gender Equality and Women's Empowerment in Development in 2010, but found that it was 'still unevenly implemented': no specific resources have been allocated to implement it and capacity is limited both at headquarters and in the field (OECD (2012)).

Looking at 23 country evaluations that cover the cross-cutting themes of governance, human rights, rule of law, gender and environment, 17 make clear that these themes are indeed mentioned in the programming documents, but that this has remained mainly a

[237] Gender equality has appeared in a series of Council conclusions, resolutions and regulations adopted since 1995, including Council Resolution 12847/95 on integrating gender issues in development cooperation (December 1995), Council Regulation (EC) 2836/98 of December 1998, Council conclusions 9561/07 of May 2007 on Gender Equality and Women's Empowerment in Development and 9907/08. In 2008, the Council stated that '(the) promotion of gender equality and the enjoyment of human rights by women and girls are goals in their own right and also instrumental and essential to achieving internationally agreed development goals, including the MDGs. Gender equality is a core value of the EU and is crucial for the effectiveness and sustainability of the partner countries' development processes' (Council (2008e)). Gender equality is also reflected in series of Commission communications, like the 2000 Communication 'Towards a Community Framework Strategy on Gender Equality', a 'Programme of Action for the mainstreaming of Gender Equality in Community Development Co-operation' for 2001-2006, the regulation on 'Promoting Gender Equality and Development Cooperation' (April 2004), its Communication COM (2007)100 final 'Gender Equality and Women Empowerment in Development Cooperation' of March 2007. Also the European Consensus includes a commitment to gender and gender equality amongst others that 'the empowerment of women is the key to all development and gender equality should be a core part of all policy strategies'.

paper exercise: the issues are not addressed in implementation in a satisfactory manner.[238] Focusing on gender and environment, findings from the four case countries give a varied picture.

In *Burkina Faso*, gender, like other cross-cutting themes, is incorporated into the country programme – though this was more a matter of procedure than the outcome of consultations. At the same time an Action Plan Gender 2010-2015 was elaborated. Rather than mainstreaming, the themes are generally tackled through separate projects that were often used for political purposes. Their limited transparency and weak management have raised concerns. In the case of *Ethiopia*, despite the explicitly stated need to mainstream gender in development co-operation, little was done till 2003. This changed afterwards, with the 2012 evaluation report stating that gender issues are addressed in the various focal sectors of the national programme. Concerns on gender mainstreaming were also addressed in the design of Government of Ethiopia‘s Productive Safety-Net Programme and related food security programmes. Particularly in food-cash for work projects concrete steps are taken to allow an equitable share for women‘s participation. In addition EUR 10 million was set aside for 'gender' – amongst others for the strengthening of government institutions on gender issues and economic empowerment. In the case of *Rwanda*, gender issues were addressed by financing gender-relevant interventions, e.g. within the framework of the *Gacaca* processes (a community-based system of genocide-related justice) and the *Ubudehe* programme. In *Uganda*, aspects of gender equality were introduced in the Poverty Eradication Action Plan. The EU has given specific attention to gender aspects in the formulation of the performance indicators related to the variable tranches of general budget support. The same is true for good governance and decentralization. Gender issues have also featured in EU support to the Plan for the Modernisation of Agriculture and its collaboration with the National Agricultural Advisory Service. Though the issues are dealt with on paper, in practice, results are less convincing and very mixed.

As far as environmental issues are concerned, some efforts were made in Rwanda: e.g. the integration of erosion protection measures in rural development activities, the financing of an environmental study related to hydro-power at Lake Kivu, support for the undertaking of a Strategic Environmental Impact Assessment Study as part of the *Plan Stratégique de Transformation de l'Agriculture*. In Burkina Faso, environmental sustainability concerns were taken on board in the EU programme, with environmental aspects integrated into the EU's rural development initiatives together with support for developing policies and strategies of environmental protection and regional park conservation. In addition they were addressed through individual projects. In Uganda, EU supported road construction contracts were

[238] See in this respect for example OECD (2007) observing that the principle of gender equality does 'not seem to be applied consistently in programme implementation or highlighted as an important indicator when measuring programme performance'. In 2007, the Council acknowledged (Council (2007f)) that despite the considerable progress made so far, an effective gender perspective still has to be fully mainstreamed into country strategies and in the practice of EU development cooperation.

subject to environmental impact assessment in compliance with national legislation.[239] Environmental concerns were also dealt with through the agricultural Sector Support Programme (soil fertility, appropriate resource management, wet-land management, and research), a Forestry Resources Management and Conservation Programme and regional intervention for the Lake Victoria basin. However, there was no evidence that the supported National Agricultural Advisory Service had succeeded in systematically passing messages to the farming community on how to achieve sustainable development and especially maintain soil fertility.

Sustainability concerns

OECD (2002a) defines sustainability as '*(the) continuation of benefits from a development intervention after major development assistance has been completed*' and '*The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time*'. Taking this as a starting point, we looked at what the country evaluations have to say about whether the institutional capacity and finances were considered satisfactory or not.

The preceding paragraphs make clear that institutional capacity is still a key concern. This is true for all other areas of intervention, but particularly in road infrastructure and education. In terms of future funding, only one evaluation considers that it is ensured in a satisfactory manner in agricultural and rural development and one evaluation in education. Other evaluations either do not express a clear opinion or mention this as a key concern. Opinions differ on the sustainability of budget support, especially when there is no increase in national revenues or an increase in the domestic resource base. However, it has contributed at times (an example is Burkina Faso) to a certain degree of macro-economic stabilisation, an essential condition for sustainable development.

With respect to the four country case studies, it is evident that the issue of sustainability must be seen in context, with countries such as Burkina Faso, Ethiopia and Rwanda likely remaining aid dependent for some time to come. For example in the case of Rwanda, close to 40% of the national budget is externally funded, with budget support representing over 55% of aid. This dependency relates inter *alia* to (i) a limited national resource base – and henceforth limited public funding to ensure recurrent cost financing; (ii) a low share of taxes of the countries' GNP; and (iii) persistent human resource constraints and limited institutional capacity in key sectors (e.g. in the road sector in Rwanda and Ethiopia). In *Ethiopia*, questions were raised as regard the sustainability of the approach to food security constraints – focusing too much on bridging food deficits and less on agricultural development. According to the 2004 country evaluation, while food aid had absorbed an increasing and major share of the available resources, it only helped to bridge current food deficits but did not bring about a sustainable improvement of the food security situation. Along the same lines, the 2011 evaluation concludes that the balance between EU support to food security and agricultural development, although improved, still predominantly leans towards food security.

[239] Moreover, tender dossiers included provisions for appropriate HIV/AIDS awareness campaigns and gender issues. Implementation remained an issue until 2002-2003 after which things have changed to a certain extent; e.g. collaboration with the *Makerere* University Medical School on HIV/AIDS was sought.

On a more positive note, the sources indicate an increased national ownership – as a result of the approach taken – and results in terms of putting up a policy and institutional and legal framework (e.g. road sector Uganda and the area of justice reform in Rwanda), thereby supporting the creation of conditions for future sustainability.

7.4 (Net) Outcomes

Key evaluation question was whether, on the basis of existing evaluation materials, anything could be said about reduced levels of poverty or progress towards achieving the MDGs and whether this could be attributed to EU aid. As the Commission underlined, first of all, progress towards achieving the MDGs is very difficult to define, to identify and indeed to measure. Secondly, it is difficult to establish direct linkages between only EU aid and development progress in the partner countries since (i) the impact of development policy does not equal the sum of the impact of projects and programmes (or for that matter budget support) and (ii) numerous intervening variables are to be considered that influence the overall environment in which the policy and action take place (Commission (2011g)). At the same time, however, the Commission virtually does not undertake rigorous impact evaluation, though more recently an important effort is made in this direction in the field of general budget support. In existing evaluation reports, assessments of impact are mainly based on qualitative information obtained during field visits, focus groups and interviews (in addition to existing reports), the value and reliability of which is often limited, also with respect to the issue of attribution.[240] For this reason, we refrained from further exploring in detail what the evaluations have found in terms of progress towards e.g. poverty reduction, improved food security or a reduction of the incidence of poverty related diseases.

An exception to the above general picture is in Ethiopia where the International Food Policy Research Institute (IFPRI) conducted an impact evaluation (IFPRI (2011) of the Productive Safety Nets Programme.[241] IFPRI's main conclusion was that the Programme's public works activities 'have strengthened the households' social, financial and economic capacities and noticeably reduced the vulnerability of households to different shocks and stresses' (see Text Box 7.3)

[240] See MWH Consortium (2003), MWH Consortium (2004), MWH Consortium (2004a), EGEVAL (2005b), EGEVAL (2006b), EGEVAL (2007), ECO consult consortium (2009b), ECO consult consortium (2009a), ECO consult consortium (2010a), EGEVAL (2011c), ECO Consult consortium (2010b), SEE Consortium (2010), ECO Consult consortium (2011a), ECO consult consortium (2011b). As mentioned above, the absence of impact evaluation, amongst others, caused by a lack of reliable, consistent and up to date statistics and baseline data as well project and/or sector evaluations and institutional memory, lack of appropriate indicators and restricted evaluations resources.

[241] The EU contribution to the PSNP for the period 2005-2009 was EUR 180 million. In 2008-2009, the EU contributed another EUR 20 million on top of its spending of EUR 98 million foreseen for 2005-2007. In addition, EUR 20 million were allocated from the Food Facility, with a further EUR 100 million for 2008-2013. Partners include the Ethiopian Government; World Bank; WFP; USAID; CIDA; Ireland, Sweden, the Netherlands and UK (European Commission (2010ac)). The Netherlands supports PNSP through a Trust Fund with the World Bank; in 2012, an additional EUR 2 million was made available (KST 33240-V-7 (2012)).

Text Box 7.3 *Ethiopia's Productive Safety Nets Programme*

Using resources from the 9th EDF and the Thematic Food Security budget line, the EU directed the bulk of its aid for rural development and food security to the PSNP, a World Bank managed multi-donor programme that started in 2005. The EU has been one of the donors of the PSNP, contributing about 13% in 2005-09 and about 4% since 2010. PSNP aims 'to provide transfers to the food insecure population in chronically food insecure *woredas* (districts) in a way that prevents asset depletion at the household level and creates assets at the community level' and to bridge the food gap that arises when food production and other sources of income are insufficient. The programme operates as a safety net, targeting transfers to poor households through public works and direct support. Under the public works component selected beneficiaries were paid the equivalent of some US$0.75 per day to work on labour-intensive projects and some 180,000 community-level assets were realised over the years (including the rehabilitation of highly degraded environments, feeder roads, health posts, etc.). Activities were planned in the months that no farming took place. Direct support, in the form of cash or food transfers, was provided to the poorest households that have no labour to spare (e.g. because of disability). Depending on where they live, beneficiaries either received cash or an equivalent payment in food, primarily wheat, maize and cooking oil.

In its evaluation, IFPRI used longitudinal community and household level data sets collected in 2006, 2008 and 2010 and covered over 3,300 randomly selected households (beneficiaries and non-beneficiaries. IFPRI report showed that: (i) the programme had reduced the number of months that households were unable to satisfy their food needs by a statistically significant 1.05 months. Through direct support, it had realised occasional reductions of this 'food gap' by two months; (ii) for children it had implied a significant increase in food consumption during the lean season; (iii) rural households had been able to raise livestock holdings as means of saving resources for future situations of distress. The evaluation moreover observed reduced soil degradation, intensification of tree planting on degraded communal lands, an increased use of crop varieties and fertilizers and an expansion of the use of irrigation.

A study commissioned by the Commission (Beyon and Dusu (2010)) analysed the relationship between general budget support and MDG performance, by disaggregating countries into 'high' and 'low' budget support recipients and assessing the extent to which selected MDGs have improved in each of these groups. For the period 2002-2007, the study found that high recipients of general budget support have performed better, often significantly so, in all four MDGs assessed (primary enrolment, gender equality in education, child mortality, access to water), as well as in terms of improvements in the Human Development Index. Correlation analysis suggested that there was a positive relationship between budget support receipts and MDG performance (significant in the case of education indicators), but that it was not always strong and other factors will also be important determinants. It also found that even after control for the quality of the policy environment, income level and aid dependency, high recipients of general budget support had on average still performed better than other countries. While the study was an analysis of association and not of causality, the results overall provided more comprehensive support for the view that countries receiving large amounts of budget support perform better than those receiving little or none.[242]

7.5 Political dialogue and appropriate measures

The Article 8 dialogue

Title II of the Cotonou Agreement on *'Political Dimension'* and the related Articles 96 and 97[243] of its Final Provisions have made politics a key element of ACP-EU relations. Article 8 is about the political dialogue while Article 9 of the Agreement refers to respect for human rights and fundamental freedoms, democratic principles and the rule of law as essential elements and good governance, defined as 'the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development' as fundamental element.

For long, the Netherlands has underlined the importance of this political pillar, stating in 1999 that 'in line with international developments it would be politically important to include good governance as one of the essential elements of the new (Cotonou) agreement' (KST 42623 (1999)). In line with the importance attached to human rights in its own foreign policy, the Netherlands considered mainstreaming good governance as crucial for the

[242] See also IOB (2012), which amongst others refers to the (limited) positive effect of budget support on economic development, that countries that received budget support achieved slightly better results in reducing income poverty, and helped to increase public service expenditure, especially in education and health and that the poorest groups in particular benefited from the increase of public services.

[243] Article 96 succeeded Article 366a of the Lomé IV Convention which introduced for the first time a legal basis for taking 'appropriate measures' or even suspending EU-ACP cooperation if human rights, democracy or the rule of law (Article 5) were violated. In essence the articles stipulate that formal consultations can be called when a breach of the essential elements and fundamental element of Article 9 is deemed to have occurred. See on this issue also Daerden and Salama (2002).

effectiveness and sustainability of poverty alleviation initiatives at EU level.[244] More recently, the Netherlands underlined that it was important that possibilities for policy dialogue with the countries concerned were properly used by both Commission and EU Member States and urged the Commission to incorporate issues of Lesbian, Gay, Bisexual, Transgender in its Article 8 dialogue in Africa.[245]

On this political dialogue, Article 8 of the Cotonou Agreement stipulates that the Parties to the Agreement 'shall engage in a comprehensive, balanced and deep political dialogue leading to commitments on both sides'. The objective is to exchange information, foster mutual understanding and facilitate 'the establishment of agreed priorities and shared agendas.' The dialogue shall 'cover all the aims and objectives' of the Agreement and may cover a broad spectrum of issues, including 'the arms trade, excessive military expenditure, drugs, organised crime or child labour, or discrimination of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status'. Guidelines for the dialogue were agreed upon in May 2003 followed by guidelines for applying Article 96 in 2005 in conjunction with the first revision of the Agreement.

There is little if any systematic research into the actual working of the Article 8 political dialogue and whether it meets the aims set out in the Cotonou Agreement. Commission evaluations tend to say little on a process that is to a large extent taking place 'behind the scenes'. Findings of the country evaluations that do report on this dialogue are variable. Some indicate that it has been weak or non-existent (e.g. Angola, Chad, Comoros, Congo, Eritrea, Ethiopia, Djibouti, Lesotho, Malawi, Senegal, and Tanzania), while others are more positive (e.g. in the case of Liberia, Rwanda, and, to a certain extent Uganda). Some of the factors that have contributed to low level of dialogue and limited results include:

- Governments are difficult to engage in political dialogue on key topics that it considers as internal matters (Angola, Congo, Eritrea, Ethiopia) – or not (Botswana).
- Dependency on foreign aid and presence of other donors that do not put up political conditionalities with their aid.
- The donor community was either not clear on political aspects or divided (Mozambique, Niger), with the dialogue moreover hampered by a lack of knowledge of the local political situation (Niger).
- Tension between political and development agenda and continued support for macro-economic policies and reforms despite little progress on the governance or human rights side (Kenya, Zambia).

244 See for example KST 26352 (1997), KST 61952 (2002), KST 77370 (2004), KST 108425B (2007), KST 132821 B (2009), KST 128498 (2009) and KST 32710-V-1 (2011).

245 The recent IOB Evaluation of Dutch support to human rights projects 2008-2011 (IOB (2013)) points in this respect at the cooperation between EU and the Netherlands in Zimbabwe on human rights issues and the Netherlands using the EU channel to address the protection of the human rights of lesbian, gay, bisexual and transgender (LGBT) individuals.

- Dialogue mechanisms that focus mainly on technical matters (Uganda) or do not have the appropriate Government representation (Tanzania).

Interviews held during the country visits have shed some more light on the Article 8 political dialogue.[246] They made clear that perceptions on the way in which EU Delegations conduct this dialogue vary considerably. At times, the EU Delegation is considered to 'punch below its weight', playing 'too low profile' with a more prominent role played by either one of the EU Member States or by the World Bank.[247] They also point out that the actual influence of the dialogue conducted by the Delegation, often together with representatives of the EU Member States, has been modest. In Rwanda, the adoption of a Media Reform Law that was also advocated for by the Netherlands has been attributed to the dialogue. In Ethiopia, the EU Delegation has used the text of the Cotonou Partnership Agreement to ensure that Ethiopian civil society organisations dealing with for example human rights, equality, and conflict resolution can continue to receive funding under the EU Civil Society Fund, despite more restrictive Ethiopian legislation.

When the dialogue fails – appropriate measures

The Article 8 dialogue also serves to prevent 'situations arising in which one Party might deem it necessary to have recourse to the consultation process envisaged in Articles 96 and 97'. These articles provide the legal basis for the suspension of the Agreement in cases where one of the parties feels that the agreement's essential and fundamental elements are not being respected and when regular political dialogue under Article 8 does not lead to the desired outcome. They provide the basis for the application of 'appropriate measures' (sanctions) that should be 'proportional to the violation' and 'in accordance with international law' and are considered as a 'measure of last resort'. That Article 96 has been invoked by the EU only in response to violations of the essential elements has given the perception on the ACP side that it is primarily a sanction article – which is judged to be applied somewhat arbitrarily at times.

In the period 2000-2010, Article 96 consultations were held with 12 ACP countries, in several instances more than once: Central African Republic, Cote d'Ivoire, Guinea-Conakry, Guinea Bissau, Fiji, Haiti, Liberia, Madagascar, Mauritania, Niger, Togo and Zimbabwe (see Table A.9.1 in Annex 9 for more details). These were always called in response to coups d'état and often, but not always, in response to a sudden, drastic worsening of the human rights situation (an exception being the case of Togo) and in response to flawed election processes

[246] To remedy this lack of information, the EU Action Plan on Human Rights and Democracy of 2012 promises 'a review regarding best practice in applying Articles 8 and 96 of the Cotonou Agreement, including how to ensure follow up' to be completed in 2013 (Council (2012b).

[247] With respect to Ethiopia, the 2011 thematic evaluation of European Commission support to respect of Human Rights and Fundamental Freedoms, observed that '(in) general, policy dialogue under the Article 8 has not allowed for an in depth discussion on human rights or even on governance matters. As a result, benchmarking or targets for human rights have not been discussed or agreed. The key factor for an effective dialogue is again the political backing at EU Member States' level and a joint EU/MSs policy: without a political engagement it is difficult to have a proper implementation of the programme or EIDHR projects' (Particip GmbH (2011b).

and violations of other fundamental freedoms. The drastic deterioration of the human rights rather than the absolute level of these essential elements was decisive in this respect. There have been no cases where human rights violations were the only motive for holding consultations. In all cases, Article 96 consultations have led to the application or continuation of 'appropriate measures', ranging from the non-notification of new resources to the suspension of technical and financial aid. In addition to the appropriate measures, the EU may adopt sanctions within the framework of its Common Foreign and Security Policy – an obvious case is Zimbabwe (Portela (2007)).

Success of the measures taken, defined in terms of sufficient progress in addressing the reasons for which the dialogue was initiated and for the EU to resume aid, has been variable. Factors that have contributed to the success stories include in particular the following[248]:

- The selective use of the tool and the timeliness of initiation of the Article 96 consultations. Consultations are called only when the EU believes that it stands a reasonable chance of influencing the leadership in breach (referred by Laakso et al (2007) as intended incoherence).
- The commitment of the authorities of the ACP country: If there is no political will, Article 96 is of little or no use.
- The application of appropriate measures that combine carrots, making sure there is an interest in cooperation with the EU such as the gradual resumption of aid provided that certain conditions are met as happened for example in the case of Guinea Bissau, and sticks.
- Dependency on EU aid, with more EU leverage when this dependency is high.
- Coherence in the actions taken by the EU as a whole and by the individual Member States[249], with the Commission generally only proposing the use of Article 96 when it is sure that Member States will support it (an exception being the case of Corte d'Ivoire in 2004). Dissenting opinions, especially at local level, can erode the effectiveness of the EU approach as happened in Guinea.
- The involvement of 'friendly countries' or 'ACP peers', neighbouring countries and regional organisations, including the African Union and for example ECOWAS in the case of Guinea Bissau
- Clear identification of the steps that need to be taken by the country and the adoption of positive measures by the EU to assist in achieving these steps.
- Continuation of the political dialogue during and after the Article 96 procedure.

At the same time, it has been realised that consultations remain ill-suited to provide for lasting solutions to deep-rooted instability in weak states.

[248] Mbangu (2005), Laakso et al (2007), Portela (2007), Cuyckens (2010) and Vines (2012)

[249] Though in comparison with other international sanctions, notably those imposed by the UN, non-compliance with EU measures is infrequent (Portela and Raube (2011)), in the case of Guinea, the EU adopted 'appropriate measures' while at the same time, the former colonial power, France, increased its bilateral aid to Guinea, reducing the impact of the measures.

Summary of main findings

In terms of design, EDF country strategy programmes show a focus on poverty and an alignment with national poverty strategies or similar. This is in line with the intentions expressed in the Cotonou Agreement, even though the ownership of such strategies is not always taken for granted. In terms of results, evaluations are relatively more positive about the poor specifically benefitting from investments in water and sanitation, agricultural and rural development as well as road infrastructure but differ of opinion for health, water and sanitation and education. Recent evaluations on general budget support point at increased Government pro-poor spending, especially in education and health, as a result of the external funding provided.

Country programme design is based on a process of consultation with primarily national authorities at central level. The involvement of other stakeholders, including civil society, is often less than hoped for but varies from country to country. A strong and centralised Government is one reason for this state of affairs, weak civil society organisations another. The role played by central Government in ensuring donor coordination is variable, depending on its capacity and/or its interest in performing it.

Consultations between EU Delegation and Member State embassies take place as well – but the quality of the interaction remains variable and there is still little done jointly. Ensuring coordination remains an uphill task and much depends on the personalities involved. Moreover, the mandate of the Delegation to play a role in coordination is either not clear or limited. What new initiatives will bring in this respect remains to be seen.

The fact that, de facto, a sizeable part of the EU aid portfolio in ACP countries – and this includes e.g. the facilities financed under the Intra ACP budget and projects from DCI thematic programmes – has remained outside the national programming process contradicts with the principles of national ownership and division of labour. It moreover increases aid management responsibility of EU Delegations for often relatively small but labour intensive projects. Few evaluations are positive on the interaction of the different instruments; this also concerns national and regional EDF programmes.

On the interaction between EU Delegations and Member State embassies, the evaluation makes clear that they frequently meet in a range of working groups. EU Delegations often play a role in organising and/or chairing such working groups, but their functionality is, again, variable. Coordination is still affected by differences in programming cycles, planning procedures, funding and aid priorities, coupled with diverging views on the complementary role or added value of EU aid and diverging views on the political aspects of the relationship with the ACP countries.

In terms of sector focus, the evaluation makes clear that neither EDF programmes nor the bilateral programmes of the Netherlands are limited to just 2 or 3 sectors each. Moreover, sector definitions appear rather elastic and may cover a broad range of areas of intervention where the two sides continue to meet. Country evaluations differ of opinion on what constitutes the (potential) comparative advantage of EU aid – most frequently, the EU is found to derive this advantage from the volume of its aid.

General budget support has represented a considerable share of EDF resources; disbursements have totalled some EUR 5.2 billion in the period 2002-2010 and reached a peak in 2010 when they accounted for 24% of disbursements. In terms of results, similar to for example IOB's own evaluation of budget support, evaluations point at the contribution made to increased funding for social services and to an improved social *sector policy dialogue. General budget support is also found to have contributed, though not always sufficiently, to improved PFM. At the same time, evaluations make clear that effective support to PFM and other reforms was only effective when there was a commitment on the partner country side.*

Public sector capacity building has accompanied the provision of budget support; according to the European Court of Auditors this has not always been sufficiently the case. The Court moreover has raised objections against the dynamic way in which the Commission has interpreted the eligibility criteria of the Cotonou Agreement though acknowledged that this was also the case for other donors. In terms of management of budget support, the Court has noticed improvements in the quality of financing agreements, the way in which fiduciary risks were dealt with and the predictability of budget support. It was more critical on the appropriateness of the use of the variable tranche mechanism and the realism of the indicators used in this respect.

With respect to results in the different sectors, findings from the country evaluations are briefly as follows. In the social sectors (health, education, and water and sanitation), evaluations are more positive about the results obtained in terms of policies and expansion of infrastructure and coverage of services. In both health and education, the quality of these services remains an issue. Key concerns for all three areas are the limited results in terms of institution building and sustainability, including the capability of the countries and beneficiaries to continue funding of operation and maintenance costs. On road infrastructure, evaluations are again more positive about policy aspects and physical results in terms of roads constructed, rehabilitated and maintained, but point to same concerns as mentioned above: institutional capacities, though often a key component of EU aid to the sector, and budget for recurrent costs. Evaluations on agricultural and rural development follow a similar pattern in their judgment on institutional capacity and sustainability; they are more positive about the results in terms of policy development and developments at smallholder level. Mixed results in this respect appear from the country cases and other evaluations. In the absence of rigorous impact evaluation, with few exceptions, little is known of (net) outcomes.

While in aid planning there is attention for cross cutting issues such as gender and environment, in practice this attention frequently evaporates, though the situation varies from country to country.

The Cotonou Agreement attaches great importance to the Article 8 ACP-EU political dialogue. Regrettably, there is little systematic research into the actual working of this dialogue and whether it meets the purposes set out in this Agreement. Some evaluations point out that this dialogue has been weak (e.g. because the Member States take different positions, the Government is hesitant to discuss topics that it considers as internal matters), others are more positive and highlight some, generally modest, results.

More is known of what happened when the dialogue failed and appropriate measures that were taken after the consultations that were held on the basis of Article 96 of the Agreement. This happened following a coup d'état or other sudden drastic deterioration of the human rights and governance situation in 12 ACP countries in the period 2000-2010. With the exception of Zimbabwe and Guinea, these appropriate measures have contributed to sufficient changes with respect the essential and fundamental elements of the Agreement to allow the Council to agree to a (gradual) resumption of the aid relationship. Success factors have included: (a) the selective use of Article 96 consultations; (b) appropriate measures that combined carrots and sticks; (c) the commitment of the ACP countries concerned; (d) coherence in the actions of EU and Member States; and (e) the involvement of 'friendly countries', ACP peers, neighbouring states or regional organisations.

8

ACP regional programmes

Introduction

This chapter aims to answer the following main questions: (i) How has the importance of regional integration and cooperation been argued by the EU and what has been the position of the Netherlands in this respect? (ii) What is the place of regional cooperation in the Cotonou Agreement and what are its purposes? (iii) What is known of the regional programmes that have been put into place and their results? (iv) What have been the developments with respect to the Economic Partnership Agreements that were closely linked with the processes of regional integration and cooperation and what happened in terms of trade flows between the ACP countries and the EU?[250]

8.1 The importance of regional cooperation and integration

An area in which the Union, given its own history, is expected to have added value is regional integration, i.e. the process of overcoming, by common accord, political, physical, economic and social barriers that divide countries from their neighbours and of collaborating in the management of shared resources and regional commons' (Commission (2008f) and (2011g)).[251]

In the relations with the ACP countries, regional integration has been taken on board since the Lomé Convention of 1984. Regional cooperation was to help their 'smooth and gradual integration of the developing countries into the world economy' as mentioned in the Maastricht Treaty. Article 1 of the Cotonou Agreement states that '(regional) and sub-regional integration processes which foster the integration of the ACP countries into the world economy in terms of trade and private investment shall be encouraged and supported'. Also the European Consensus emphasizes the importance of trade and regional integration and considers it as one of the priority areas for Community action; the Community has a comparative advantage in providing support to partner countries 'to integrate trade into national development strategies and to support regional cooperation whenever possible'. Regional cooperation and integration have furthermore been an important element of the various EU strategies for Africa since the Cairo summit of April 2000.[252] In November 2008, 'the Council endorsed the five priorities that were advocated to enhance regional integration in the ACP countries: strengthening regional institutions,

[250] More details on trade and the EPAs are provided in Annex 10 on the CD-ROM.

[251] The European Court of Auditors defined regional integration as 'the process of neighbouring countries cooperating in order to improve political stability and to stimulate economic development in a region, in larger and more harmonised markets, the free movement of goods, services, capital and people enables economies of scale and stimulates trade and investment. Regional economic integration between developing countries is thus a vehicle for economic growth and can contribute to poverty reduction' (Court of Auditors. (2009c)).

[252] Commission (2003h) and (2007j) and Council (2007u). Regional issues are further elaborated in the First Action Plan (2008-2010) for the implementation of the Africa-EU partnership on trade, regional integration and infrastructure that accompanies the joint Africa-EU strategy.

building regional integrated markets, supporting business development, connecting regional infrastructure networks and developing regional policies for sustainable development. It stressed that the priorities for European support for regional integration would need to be tailored to the priorities identified with each region' (Commission (2009w)). In 2010, the Council, once more reaffirmed the 'high importance the EU attaches to regional economic integration as an important vehicle for economic growth and poverty reduction' and its potential contribution to the achievement of the primary objective of EU aid policy as well as to the attainment of the MDGs (Council (2010g)).[253] In 2012, the Council '(stressed) the need to continue supporting regional integration processes with a strong emphasis on the requirements of LDCs, and the poorest and most vulnerable populations, with the aim of overcoming the drawbacks of small and fragmented markets', to make countries more attractive to foreign direct investment and to 'spur economic growth and sustainable development' (Council (2012i)).

The Dutch position on regional integration and cooperation is broadly in line with that of the Union.[254] Both in 2006 and 2007, the Netherlands stated that it attached importance to the intensified dialogue between Africa and the Union and to support for (capacity building of) regional organisations in Africa[255] 'so that regional internal markets' can function better. The Netherlands also underscored the importance of the EPAs for the ACP countries provided that the 'development dimension' of the EPAs came first - in terms of WTO compliance of trade relation with EU, promoting integration into the world economy as well as regional integration and further improved access to European markets.

8.2 Regional cooperation and integration and the Cotonou Agreement

While Article 2 of the Cotonou Agreement states that '(particular) emphasis shall be placed on the regional dimension', Article 6 includes ACP regional organisations (including sub-regional organisations) and the African Union as 'actors of cooperation'. Regional and continental integration are furthermore among the topics of the Article 8 political and may in turn involve the 'relevant ACP regional organisations and the African Union, where appropriate'. Section 3 of the Cotonou Agreement is entirely devoted to the subject of regional cooperation and integration[256] and was considerably revamped after the revision of 2010. As mentioned by

[253] Discussing the one-year implementation of the EU strategy for security and development in the Sahel region in March 2012, the Council 'encouraged the strengthening of on-going regional cooperation to accompany national strategies to promote the stability and development of the countries concerned' (Council (2012c)).

[254] See for example KST 48648 (2000), KST 54810 (2001), KST 84463 (2005), KST 99333_2 (2006) and KST 107322 (2007).

[255] Including the African Union, Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC).

[256] The Cotonou Agreement stipulates furthermore that regional cooperation shall cover operations benefiting and involving: (a) two or more (or all (until 2010)) ACP States; and/or (b) a regional body of which at least two ACP States are members. Non-ACP countries involved in the possible groups of states meant under (a) and (b) are also included. Regional cooperation can also involve OCTs and outermost regions.

Mackie et al (2010b), 'regional cooperation and integration, .. now goes beyond the economic and free movement dimension to put more emphasis on the political dimension, in particular, in terms of peace and security and regional policies to manage transnational development challenges'. The revised Agreement also aims at increasing cooperation with non-ACP developing countries and at continental level. Article 28 (3) provides that regional cooperation shall also support inter-regional and intra-ACP cooperation, involving one or several ACP regional organisations. Conditions for the participation of non-ACP developing countries were clarified in Article 58 (2) and Article 6 (4) of Annex IV.

According to the Commission, regional cooperation aims to contribute to[257]:

- **Political stability**, as a pre-requisite for economic development, with regional organisations playing a role in defusing conflicts within and between countries and in promoting human rights. Article 29 of the Cotonou Agreement refers in this respect to the 'promotion and development of a regional political dialogue in areas of conflict prevention and resolution; human rights and democratisation; exchange, networking, and promotion of mobility between the different actors of development, in particular in civil society' and to 'the promotion of regional initiatives and policies on security-related issues, including arms control, action against drugs, organised crimes, money laundering, bribery and corruption'.
- **Economic development**. In larger and more harmonised markets, the free movement of goods, services, capital and people enables economies of scale and stimulates investment, thus spurring economic growth and increasing south-south trade. Regional integration can be a vehicle for economic growth and accelerated poverty reduction. The focus on regional economic integration has been linked with the negotiations on the Economic Partnership Agreements (EPAs) with regional groupings of ACP countries as further explained below.[258]
- **Regional public goods**, with regional cooperation allowing neighbouring countries to address challenges of a trans-national dimension.[259]

[257] Commission (2008f), (2009w) and (2011g). In 2001, the Commission saw regional integration as a first step towards integration into the world economy, as a step to help attract direct foreign investment, to manage the transitional costs of trade liberalisation and to facilitate countries' participation in WTO negotiations (Commission (2001h)). See also Council (2008k) and (2010p)).

[258] Article 29 of the Cotonou Agreement in this respect refers to the participation of least developed ACP States in the establishment of regional markets and in sharing the benefits there from implementation of sectoral economic reform policies at regional level; liberalisation of trade and payments; promotion of cross border investments... and other regional or sub-regional economic integration initiatives; mitigation of the effects of net transitional costs of regional integration; infrastructure, particularly transport and communications and safety thereof and services, including information and communication technology (ICT).

[259] Article 29 of the Cotonou Agreement specifically refers to the following topics: environment and the sustainable management of natural resources plus climate change; food security and agriculture; health, education and training; research and technological development; regional initiatives for disaster preparedness and mitigation as well as post-disaster reconstruction.

8.3 Regional programmes

Main features

Within the framework of the EDF, regional cooperation and integration are addressed through regional programmes. Before the 9th EDF, these programmes were agreed between the Commission and individual ACP countries of the region concerned, with regional projects often providing additional funding for national activities rather than supporting clearly designed regional policies. Nowadays, programming involves regional organisations with a mandate to pursue regional economic integration. The Commission, together with these organisations, with one organisation designated as 'Regional Authorising Officer', is to prepare and agree upon multi-annual Regional Strategy Papers (RSPs) and Indicative Programmes (IPs) for each region. Such programming may include a consultation with eligible non-State actors. The 2010 revision of the Cotonou Agreement states in this respect that these non-state actors should be represented at regional level and that, where relevant, regional parliaments should be involved.

These RSPs and IPs cover six regions, i.e. West Africa, Eastern and Southern Africa and the Indian Ocean, the Southern Africa Development Community, Central Africa, the Caribbean, and the Pacific. The RSPs are meant to ensure a certain level of local ownership of the supported programmes and are assessed by the iQSG in the same procedure as for the country programmes. They provide information on (a) the focal and non-focal sectors and themes of Community aid; (b) the most appropriate measures and operations identified to achieve the objectives set for those sectors and themes; (c) the projects and programmes needed to attain those objectives and (d) a first allocation of the resources available. An overview of the RIPs under the 9th and 10th EDF is provided in Annex 4 (Table A.4.7).

The signing of the RIPs under the 10th EDF was delayed 'because of the complexity of the process, the difficult EPA negotiations and the geographical configuration of the regions, each of which has several regional organisations with partially overlapping memberships' and the fact that 'the regional organisations were not sufficiently prepared for a greater role in programming and implementing EU aid' (Piebalgs (2012)).

Under the 9th EDF the final amount committed for regional programmes was EUR 904 million, with 70% dedicated to regional economic integration interventions. Under the 10th EDF the total allocation increased to EUR 1,783 million, with the share of regional economic integration going up to 75 %, reflecting, according to the Commission, the EU-ACP consensus on the importance of regional integration for development (Commission (2008e)). This doubling of the regional integration allocation was according to Piebalgs (2012) justified because the RIPs had taken on a new meaning, with the negotiation of the EPAs and the strengthening of the political mandates of African regional organisations. The allocated amounts by region are given in Table 8.1 (including the allocations under the 8th EDF).

Table 8.1 EDF regional cooperation - allocated amounts by region (in EUR mln)						
	8th EDF		9th EDF		10th EDF	
	Total	Regional economic integration	Total	Regional economic integration	Total	Regional economic integration
East Africa	219	154	289	203	645	548
West Africa	226	143	253	200	597	418
Southern Africa Development Community	121	81	147	95	116	93
Central Africa	91	60	64	29	165	97
Caribbean region	90	40	111	89	165	140
Pacific region	35	0	40	15	95	45
Sub-total						
Total	782	478	904	631	1,783	1,341

Source: Court of Auditors (2009c).

For each region, funds are divided over one or two focal areas, and a group of non-focal areas, ranging from human resource development, natural resource management to institutional support. Table 8.2 provides information on the sector allocations under the 10th EDF.

Table 8.2 Focal areas and non-focal areas of the 10th EDF regional programmes and funds committed (in EUR mln)	
Region	**Policy areas**
West-Africa	Focal areas: regional integration, enhancement of competitiveness and EPA (EUR 149); Strengthening of good governance and regional stability, including support to the establishment of the ECOWAS Standby Force and in particular its civil aspects (EUR 120)
	Non-focal areas: Regional policies in the area of human development, environment and sustainable management of natural resources (e.g. energy), non-state actors, monitoring and management of the regional programme and of the technical cooperation facility (EUR 59).
Eastern and Southern Africa and the Indian Ocean	Focal areas: Regional economic integration (EUR 548); Regional political integration and cooperation, including ‘support to the regional pillar of the pan-African architecture of conflict prevention, peace and security’ and for ‘post conflict reconstruction for conflicts with a regional dimension’ (EUR 64)
	Non-focal areas: Knowledge development and capacity building; Enhancing capacity development of regional organisations and improve inter-regional coordination support to IRCC (EUR 32).

Table 8.2 Focal areas and non-focal areas of the 10th EDF regional programmes and funds committed (in EUR mln)	
Region	**Policy areas**
Southern African Development Community	Focal areas: Regional economic integration (EUR 93); Regional political cooperation, including support 'for the regional pillar of pan-African architecture of peace and security: accompanying the operationalisation of the SADC Stand-by Force by ad-hoc training of police forces; strengthening the capacity of the Regional Early Warning Centre in terms of logistics, technical tools and professional skills; mediation: training of mediators and experts' (EUR 17).
	Non-focal area: Technical Cooperation Facility; Support to non-state actors (6)
Central Africa	Focal areas: Support to economic and trade agenda (including natural resource management at regional level) (85-90%); Support for political integration (5-8%)
	Non-focal areas: Institutional support and technical cooperation facility
Caribbean	Focal area: Regional economic integration and cooperation and EPA priority areas (EUR 143)
	Non-focal area: Addressing vulnerabilities and social issues (EUR 22)
Pacific	Focal areas: Regional economic Integration (EUR 45); Sustainable management of natural resources and the environment (EUR 40)
	Non-focal area: institutional capacity building (EUR 10)

As is evident from the above, a major share of the regional budgets has been devoted to 'regional economic integration' and is related to the EPAs. These regional Aid for Trade packages (see Text Box 8.1), supporting regional ACP integration agendas and implementation of the EPAs, were initiated in 2008 with the blessing of the Council. The role of these packages is to support the regional integration agendas of the ACP countries by providing a coordinated and increased financial response from the EU (i.e. European Community and Member States) to the needs and priorities expressed by the ACP countries and regions, including for implementation of the EPAs that are agreed or being negotiated between the EU and ACP regions (Commission (2009w)).

Text Box 8.1 *Aid for Trade*

Aid for Trade is supports partner countries' efforts to develop the basic economic infrastructure and tools they need to expand their trade. The Aid for Trade Initiative covers six broad categories of activities under the following main headings (a) **Trade Related Assistance**, i.e. (i) Trade policy and regulations and (ii) Trade development and (b) the **Wider Aid for Trade agenda, i.e.** (iii) Trade-related physical infrastructure; (iv) Building productive capacity; (v) Trade-related adjustment (e.g. contributions to government budget to implement trade reforms and trade policy measures) and (vi) Other trade-related needs that are not captured by the above categories above (Commission (2011ae)). In October 2007, the Council adopted the EU's Aid for Trade Strategy which was to 'help Member States and the European Community (EC) to support all developing countries, particularly .. LDCs, to better integrate into the rules-based world trading system and to more effectively use trade in promoting the overarching objective of eradication of poverty in the context of sustainable development' (Council (2007ab)). Designed as a joint Commission and Member State initiative, the Strategy focuses on: (a) scaling-up of total EU Aid for Trade in general as well as increasing the specific funding of Trade Related Assistance to enable ACP countries to take full advantage of trading opportunities and maximise the benefits of trade reforms; (b) enhancing the impact and pro-poor focus of EU Aid for Trade; and (c) supporting the ACP regional integration process. Key principles are that Aid for Trade should be provided to all developing countries, but particularly to the poorest, is part of the broader development policies and linked to MDGs, and that it complements but is not a substitute for a successful outcome of the Doha Development Agenda or other trade negotiations. It should also operationalise the Paris Principles and the EU Code of Conduct. The Aid for Trade initiative remained vague however on aid modalities, quantitative commitments and on how the share of trade-related assistance dedicated to ACP countries (would) be translated into practice (Mackie et al (2008a)). In 2009, 59% of Aid for Trade was financed from the EDF (EUR 1.8 billion), through both national and regional programmes, with 70% going to Sub-Saharan Africa, and EUR 1.2 billion from the EU budget.

It is worth noting that in addition the regional Aid for Trade packages, funding from the Intra ACP envelope has been earmarked for regional integration and trade related assistance. [260]

8.4 Results of regional programmes

Six evaluations of the Commission's regional programmes were conducted between 2006 and 2008; a seventh one was published in August 2012 on EU cooperation with the Caribbean. In addition, the European Court of Auditors published a report on the effectiveness of EDF support to regional economic integration in East and West Africa in

[260] This is through e.g. the ACP-MTS programme, the Standards and Trade Development Facility (STDF), the EU-Africa Partnership on Cotton, the EU forest Law Enforcement, Governance and Trade (FLEGT) facility, the All ACP Agricultural Commodities Programme (AAACP), the Technical Assistance Facility of the African Agriculture Fund (AAF), the Pesticides Initiative Programme (PIP) – Second Phase of the Quality and Conformity Fruits and Vegetables Programme and the Strengthening Food Safety Systems through Sanitary and Phytosanitary Measures (EDES) (see Annex 4 (Table A.4.9) for more details).Other initiatives have been a pesticides programme for the horticulture sector (EUR 29 million) and a project to strengthen the health standards of the fishery sector (EUR 42.7 million) to meet EU requirements relating to sanitary and phytosanitary standards for exporting these products. There has also been the EUR 50 million programme Trade.Com.

2009. Moreover, external studies on the EDF have touched upon the topic of regional integration as well.[261] The main findings of these sources are provided below.

The evaluations come to different assessments as regards the regional programming process. In both East and Southern Africa and West Africa, findings are basically positive on the involvement of regional organisations in the formulation and implementation of the regional programmes under the 9th EDF. For the SADC region on the other hand, the formulation of the RSP and RIP took place at a time when SADC was undergoing major organizational and strategic reforms suggesting that there was little involvement of SADC member states in setting the agendas for the RIP. In the Caribbean region, the evaluation observed that the dialogue between the Commission and the Caribbean was characterised by 'the absence of an authentic strategic view, shared by the partners, concerning the regional integration process and its impact on the region's development'. As regards the involvement of non-state actors in the programming process, the regional evaluations are unanimous: the participation of civil society and private actors has been limited, or only 'symbolic'.

In terms of implementation, the evaluations first of all note the complex context in which the regional programmes are carried out with the six regions identified by the Commission – in relation to the EPAs –not corresponding with existing regional set-up.[262] This is evident from the listing of existing regional organisations below (Text Box 8.1). Especially in Africa, the Commission has to deal with a multiplicity of regional organisations, and sometimes also specialised sector organisations at regional level (e.g. four in East Africa and two in West Africa[263]). Individual ACP countries are often members of more than one of these organisations, while the regions, as defined by the Commission, comprise countries that vary significantly in size, population, access to seaports, social indicators (like poverty), political (in)stability, and applicable EU-trade regimes. This institutional complexity has posed challenges to the countries, the regional organisations and for the implementation of the EU's regional programmes. It has also

[261] According to Piebalgs (2012), a mid-term review of the RIPs was done; its results have however not yet been published at the time of writing of this report.

[262] According to Dornberg (2011), '(the) way these groupings were chosen had nothing to do with reality as it did not take into consideration already existing regional groupings such as Common Market of Eastern and Southern Africa (COMESA) or Southern African Development Community (SADC). Instead, these regions were split and LDCs and non-LDCs mixed together'. See also Meyn (2008), Farel (2010) and Kühnhardt (2010) who compares the overlap of membership of the manifold of regional groupings across the African continent with an image of the solar system. According to Mackie et al (2008b), a major step forward in African regional integration processes occurred at a summit in October 2008, when the East African Community (EAC), the South African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) decided to work towards a merger (Mackie et al (2008b)).

[263] Other organisations 'mandated for the 10th EDF regional programming include the West African Economic and Monetary Union (WAEMU), in which case there was an agreement with ECOWAS' to implement jointly a 'strategy of acceleration of the integration process in West Africa'. This strategy envisages a co-operation mechanism and convergence between the two regional organisations' (Commission (2008e)).

affected the results that have been reported and contributed to frictions and delays in the EPA negotiation process. The Commission recognizes the challenges of the institutional complexity for effective regional integration, but argues that this complexity is the result of history and political compromises between African nations (Court of Auditors (2009c)).[264]

Text Box 8.2 *Existing regional structures*

- CARIFORUM – the Caribbean Forum (1992)
- CEEAC – the Communauté Économique des États de l'Afrique Centrale (Libreville, 1994)
- CEMAC – the Communauté Économique et Monétaire des Etats de l'Afrique Centrale (1999)
- COMESA – the Common Market for Eastern and Southern Africa (Lusaka, 1994)
- EAC – the East African Community (Arusha, 2000)
- ECOWAS – the Economic Community Of West African States (Abuja, 1975)
- IGAD – the Inter-governmental Authority on Development (Djibouti, 1996)
- IOC – the Indian Ocean Commission (1984)
- Pacific Island Forum Secretariat (1971)
- SACU – the Southern African Customs Union (1969)
- SADC – the Southern African Development Community (Gaborone, 1980)
- UEMOA – the Union Économique et Monétaire Ouest Africaine (1994)

Both the above-mentioned evaluations and the European Court of Auditors agreed that (i) regional cooperation programmes were relevant to the regions' needs; and that (ii) the Commission provided the most important support to regional integration processes in the ACP sub-regions. At the same time they point to the lack or insufficiency of the complementarity of regional strategies vis-à-vis national cooperation strategies. The Court moreover concluded that regional projects did not sufficiently address regional integration needs at national level.[265] Both sources also highlight that ACP countries, confronted by

[264] See on this issue also Commission (2003h). It was also picked up in the First Action Plan (2008-2010) for the implementation of the Africa-EU partnership on trade, regional integration and infrastructure and in the Council Conclusions of 8 June 2010 (Council (2010g)). According to Mackie et al (2012), plans are, given the fact that 'results have often fallen short of expectations' for reasons further explained below, to open up the regional envelopes to more actors: countries, regional institutions and other bodies engaged in projects with a regional dimension, whereas in the past these funds were limited to the Regional Economic Communities. 'The reasoning is that wider participation would help to overcome 'the limited capacity of regional organisations to formulate project proposals that are viable and supported by their member states'.

[265] See also Keijzer and Tywuschik (2009): '...the EDF cooperation programmes are programmed relatively independently from each other at the national, regional and intra-ACP level. Whereas many of the choices made hence align to the priorities of the JAES, the need for synergies between them as prioritised in the JAES does not seem to be served well by this arrangement '. In June 2010, the Council encouraged 'the Commission to seek more systematic complementarity between support activities at the regional and national level' (Council (2010g)).

many other pressing national needs, did not always give a high priority to regional integration: There is often a lack of political support and capacity or budgetary constraints at national level which undermine translating regional commitments and priorities into action (Mackie et al (2010a). This, in turn, translated in some cases into lack of ownership – which was not particularly helpful in programme implementation.[266] Regional programmes often lack well-defined policy objectives that are not sufficiently aligned with country interests. The consistency between national and regional strategies is often not clearly worked (Mackie et al (2010a). The Commission refers to 'low absorption capacities of Regional Economic Communities .. and low ownership of the integration process by partner countries' (Commission (2012f)).

Moreover, while some evaluations found it too early to draw conclusions, concerns have been raised as regards the weak financial sustainability of regional organisations, which are largely donor-funded with low contributions from their own member states.

In terms of specific results, the reports point at:

- Increased technical capabilities of regional organisations. At the same time, despite the Commission's capacity building support, these capabilities were found to be limited, albeit in varying degrees. Capacity constraints affected the entire project cycle, from programming to implementation, reporting and financial management. The organisations' capacity to effectively monitor the regional integration process was found limited as well; till recently, many regional organisations lacked a built-in M&E function.[267] The Commission shared this position in 2009 and 2011.[268]
- Infrastructure and transport projects contributing to the opening-up of landlocked countries. There was also a move towards integrated regional road sector programmes and policies. At the same time, evaluations observed that the liberalisation of regional transport markets was still in its infancy and (ii) a lack of resources for regional investment.

The Court of Auditors states at the same time that 'it has been difficult (...) and in some cases impossible, to assess the effectiveness of individual interventions, because their objectives are often not well defined and the necessary information is frequently lacking due to inadequate quality and frequency of project reporting, monitoring and evaluation'.

[266] This is not too different from the findings reported in the Synopsis of the evaluation of the late 1990s, stating that 'the weak commitment of ACP countries to regional organisations has led in the past to weak result in regional cooperation programmes'.

[267] See Salomon and Akanni Honvo (2009a), (2009b) and (2010).

[268] The Commission observed that despite some progress, the 'technical and managerial capacity of the regional organisations has not kept pace' with the increased funding and centralisation of aid management with these organisations (Commission (2009g)). Along the same lines, it was stated that though regional organisations were the 'natural leaders' in trade, 'yet many lack the capacity or authority to coordinate their own members and donors in a strategic way and collectively define regional needs and priorities' and 'actual progress in the regions' remains too slow' (Commission (2011g)).

Reference is made to the complexity of regional projects, their broad scope and ambitious objectives, too many funds and slowness in implementation, partly due to the above lack of capacity, partly due to the Commission having overestimated this capacity and the institutions' absorption capacity.[269] For the 18 projects it examined, the Court concluded that the 'results, or likely results, are, at best, only partially satisfactory'; the Court seriously questioned the decision to double the financial allocation for regional programmes under the 10th EDF (Court of Auditors. (2009c)).[270] Piebalgs (2012) refers to a 'Lack of national ownership of regional integration projects, insufficient mainstreaming of regional integration in national development strategies, strong resistance to the transfer of sovereignty, existence of several regional organisations whose mandates and membership overlap, lack of political will and capacities at national level to translate integration projects into action.

Management has been an issue on the side of the Commission as well, with the Court identifying the following issues:

- Delegations lacked guidelines and capacity to manage regional programmes.
- Roles and responsibilities of the different Delegations in a particular region were not clearly established. A coordination mechanism between these Delegations had not been set up (e.g. in the case of the EU Delegations in Ouagadougou and Arusha dealing respectively with WAEMU and ECOWAS).
- The larger responsibility of the Delegations that managed regional plus national activities was not reflected in their staffing capacity.
- There was little attention for donor coordination and coordination between the Commission and the member states of the regional organisations.[271]

In terms of impact, three regional evaluation reports conclude that the impact of the trade components of the regional programmes on intra-regional trade was impossible to measure. In other cases, general conclusions are drawn at impact level – however, with little attention for the attribution issue. The Court of Auditors takes a nuanced but critical position by concluding that '(the) regional economic integration process is making progress ... in terms of agreements being reached on regional objectives and policies

[269] The 2012 evaluation of EU collaboration with the Caribbean concluded that the '(effectiveness) and impact of the regional EU support is limited by the fact that regional integration has lost some political momentum in many Caribbean countries' and that '(in) most areas reviewed during the evaluation, the outcomes and results of EU interventions were modest, with the positive exception of the support to the EPA negotiations and the growth of some exports (like rum for the entire region, and bananas for Dominican Re-public)' (ECO Consult Consortium (2012)).

[270] Against this background, the statements made by the Dutch state secretary of Foreign Affairs in 2011, referring to the 'clear added value' of the Commission in regional integration, the good results obtained and welcoming an additional EUR 150 million set aside for regional cooperation in West Africa (KST 21501-04-138 (2011)), are somewhat difficult to understand.

[271] According to the 2012 evaluation of regional cooperation with the Caribbean, '(the) effectiveness of the international efforts to enhance regional integration has been significantly reduced by the lack of a donor coordination framework'(Eco Consult Consortium (2012)).

relating to trade and transport issues. However, the implementation of such agreements by the national authorities is lagging behind and the free movement of goods, services, capital and people is not yet a reality in either of the two regions'. Evidently, this needs to be within context: first of all, the 'particularly complex institutional setting and low administrative capacities', secondly 'putting regional integration into practice is a long-term strategic choice, with significant challenges. The EU itself, with more favourable circumstances in all respects, is still in the making as an integrated single market (for instance for services) after more than 50 years of history'.

8.5 The Economic Partnership Agreements (EPAs) and trade

Reasons for changing the Lomé trade regime

Starting with the Yaoundé Convention of 1963, agreements between the ACP countries and the EU have covered trade. However, this was not a great success. The unilateral preferences granted under the Lomé Agreements, combined with substantial financial support under the EDF, had done little in kick-starting economic development (Meyn (2008)). When excluding South Africa, there was little change in the total values traded between the two sides and in fact the ACP share in European imports had gone down from close to 8% in 1975 to half of that in 2000. Moreover the special trade regime with the ACP had turned WTO and GATT incompatible; a GATT waiver to maintain this status quo came to an end in 2000. The problem with the Lomé arrangements was that they discriminated between ACP and non-ACP countries of similar levels of development.

Against this background, the EU and the ACP agreed in the Cotonou Agreement to alter the trade regime by negotiating WTO-compatible, regional Economic Partnership Agreements[272] that would cover trade in both good and services and deal with 'behind the border' issues, such as competition, government procurement, intellectual property, and trade facilitation' (Meyn (2008)). In the meantime, existing, non-reciprocal Lomé trade preferences were extended to 31 December 2007.[273] Though traditionally favouring world-wide trade liberalisation, especially for LDCs, as opposed to regional free trade agreements with groups of ACP countries (KST 35637 (1999)), the Netherlands finally went along with the EPA system. It considered that the conditions that it had set were largely met in the Cotonou Agreement.[274]

[272] The basis for this new trading regime is found Part Three, Title II (Economic and trade cooperation) of the Agreement. Key is furthermore Article 1 which emphasizes a region-to-region approach and encouragement of and support for '(regional) and sub-regional integration processes which foster integration of the ACP countries into the world economy in terms of trade and private investment'.

[273] The EU and ACP obtained a special waiver from WTO rules with other WTO members in 2001 to allow EPA negotiations to continue until the 31st of December 2007 when the Cotonou trade regime would legally expire.

[274] Details on what the Netherlands considered important can be found in e.g. Koenders (2009).

The purposes of the EPAs

The EU perceived the EPAs 'as agreements intended to consolidate existing regional integration initiatives within Africa, with the objective to help facilitate the gradual integration of African countries into the global economy' (Mackie et al (2010a)).

The main objectives of the EPAs are:

- **Reciprocity:** The main objective of EPAs is the establishment of a free trade area through the gradual elimination of trade restrictions. This is required to make them WTO-compatible and in line with the General Agreement on Tariffs and Trade. Liberalisation schedules are central to the EPAs but countries are allowed to exclude some products from liberalisation in their market access offer.
- **Development-orientated**: The aim is the promotion of sustainable development and poverty reduction by helping the integration of ACP countries into the world trading system and supporting their own regional economic integration. The aid provisions are part of the EPAs in recognition of the fact that changes to the trade regime will entail certain costs for the ACP countries in the short to medium term.
- **Regionally-based:** The six ACP regional groupings that are used as a basis for negotiations are intended to strengthen regional integration as a first step towards integration into the world economy. At the same time, the possibility of concluding agreements with single countries in exceptional cases is not ruled out.
- **Differentiated:** EPAs should allow sufficient flexibility, provide special and differential treatment to take the different levels of development of the contracting parties into account. In particular, LDCs, small and vulnerable economies, landlocked countries and small islands should be able to benefit from special and differential treatment.

At an initial stage the EU supported the creation of new EPA regional entities shaped around the African Customs Unions that existed at the time. In the end, the ACP decided to negotiate EPAs under six distinct regional groupings, i.e. the Southern African Development Community (SADC), the Economic Community of West African States (ECOWAS), Central Africa (CEMAC), Eastern and Southern Africa (ESA), the Caribbean Community (CARICOM) and the Pacific.

The negotiation process

Officially launched on 27 September 2002, the EPA negotiations have been structured around two main phases. The first phase took place between the Commission and the ACP group as a whole to define the format, structure and principles for the negotiations. This was followed by second phase of negotiations at regional level aimed at concluding regional EPAs.

By late 2007, faced with the legal expiry of the Cotonou trade regime and the WTO waiver that covered it, the EU and ACP decided to go for temporary, WTO compatible 'interim agreements' that covered only trade in goods. This would secure continued ACP access to EU markets and allow wider EPA negotiations to continue without legal challenge from other WTO members. The signing of such bilateral agreements with non-LDCs such as Côte d'Ivoire, Ghana and Cameroon meant that these countries did not have to fall back 'to the less generous trade preferences under the EU's Generalised System of Trade Preferences' (Busse (2010)). Several interim agreements were initialled with individual countries rather than full ACP regions, i.e. an approach that was 'clearly at odds with one of the key objectives of the EPAs, which is to build on and reinforce regional integration' (Bilal and Braun-Munziger (2008)).

Negotiations have continued after 2007, but progress remained slow and only in the case of the Caribbean have they been closed. In the other cases they advanced only sporadically and were at times re-opened when issues in existing interim EPAs were identified. In fact, according to Mackie et al (2010b), '(the) EPAs have become a divisive force between Europe and the ACP and also between African countries' which has weakened rather than strengthened the economic relationship between the two sides. That the 'EU has yet to formulate any specific concessions or plans to move forward and get the negotiations out of the doldrums' did little to address the 'severe political repercussions for relations between the EU and the ACP, especially Africa'.

Current state of affairs

By January 2012, interim or full EPAs existed with only 36 (including 15 small island states in the Caribbean) out of the 77 ACP countries. 18 of these 36 countries have taken steps towards ratifying these agreements, the others did not. Most African and Pacific countries, in particular the LDCs, have not concluded any agreement and the Caribbean is the only region that has signed a comprehensive regional EPA to date and moved on to the implementation phase (Table 8.3 gives an overview of the state of affairs in November 2012). Though this is 'hardly conducive to strengthen regional integration'(Bilal and Braun-Munzinger (2008)), ACP-EU trade relations are de facto governed by multiple regimes, even though this is not recognised in the 2010 revision of the Cotonou Agreement[275], i.e.:

- an EPA, where provisionally applied – this concerns 36 ACP countries, including 10 LDCs and 20 non-LDCs
- the Market Access Regulation advancing EU application of EPAs not yet applied – i.e. the interim EPAs;
- the Generalised System of Preferences [276]
- the EBA arrangement – benefiting 31 ACP least developed countries and
- in the case of South Africa, the Trade, Development and Co-operation Agreement

[275] Mackie et al (2010b) observe in this respect: 'Despite the current coexistence of multiple mechanisms governing EU-ACP trade relations, the 2010 text merely highlights the need for the parties to 'take all the necessary measures to ensure the conclusion of new WTO compatible EPAs'. It makes no mention of any other possibility, despite the fact that alternative schemes are being applied (such as the Generalised System of Preferences). Hence, ACP-EU trade relations are no longer necessarily governed by the Cotonou Agreement, though trade was previously a key component'.

[276] This regime applies to Nigeria, Republic of the Congo, Gabon and the Cook Islands, Federated States of Micronesia, Nauru, Niue, Palau, Marshall Islands and Tonga in the Pacific.

Table 8.3 EPA state of affairs (November 2012)

Region	Countries	Initialled interim EPA	Signed interim EPA	Signed EPA	Ratified EPA
West Africa	Cote d'Ivoire				
	Ghana				
Central Africa	Cameroon				
Eastern and Southern Africa	Mauritius				
	Comoros				
	Seychelles				
	Zimbabwe				
	Madagascar				
Eastern African Community[277]	Burundi				
	Rwanda				
	Tanzania				
	Kenya				
	Uganda				
South African Development Community	Botswana				
	Lesotho				
	Swaziland				
	Mozambique				
Caribbean	CARIFORUM				
Pacific	Papua New Guinea				
	Fiji				

Source: EU Trade, Overview of EPA, updated 14 November 2012; European Parliament, OPPD (2011).

Main issues

While Koenders (2009) argued that, '(in) general, .. it was probably overambitious to assume that comprehensive regional free trade agreements could be agreed with 77 diverse and relatively poor countries with limited negotiating capacity within a matter of a few years', key factors that have contributed to the delays are given in Text Box 8.3.[278] The state of affairs has done little to change the optimism that prevailed at Council level and its firm believe that 'achieving EPAs with comprehensive regional coverage and wide scope would remain the ultimate aim (Council (2008p)). The Council recalled 'the opportunities offered by WTO law,

[277] In February 2004, the EAC members Burundi, Kenya, Rwanda and Uganda form part of the ESA region when negotiations with that group are officially launched. In August 2007, they decided to negotiate their own EPA with the EU together with Tanzania.

[278] See for example Szepesi and Bilal (2003), Borrmann et al (2005), ECDPM (2006c), (2006d), (2006e) and (2006f), Hoestenberghe and Roelfsema (2006), Bilal and Braun-Munzinger (2008), Meyn (2008), Bilal and Stevens (2009), Koenders (2009), Makhan (2009), Fontagné et al (2009), Busse (2010), Mackie et al (2010a), Reisen (2011), Olivier (2011), Piebalgs (2012), and Lorenz (2012).

including in terms of asymmetry, timetabling and the adjustments of safeguard measures' and called 'for this flexibility to be fully exploited in the negotiations, if that were needed and deemed appropriate, while guaranteeing adequate progress, to take account of the different needs and levels of development of ACP countries and regions..' ((Council (2008q)).

Text Box 8.3 *Main issues in unsuccessful EPA negotiations*

- From the start of the negotiations, there was a lack of common understanding and approach on the new trading agreement: 'European Commission and ACP countries did not share the same vision of what future EPAs may contain' (European Parliament, OPPD (2011)) and most ACP countries were reluctant to incorporate services into the EPAs focusing on trade facilitation and technical support instead. ACP countries doubted whether the EPAs would indeed serve their interests: (i) access to European products in ACP countries could harm domestic producers in a range of sectors; (ii) there were few direct gains from exports to Europe which were mostly in the form of natural resources or unprocessed agricultural commodities; (iii) cutting off import tariffs on European products would result in considerable revenue losses – while 'tariff revenue compensation with aid money was not on the cards' (Koenders (2009)).
- The lack of institutional and technical capacity on the ACP side to conduct negotiations and coordinate member states of the regional groupings concerned. Too little had been done to improve this. Moreover, '(low) levels of trade integration and divergent economic interests .. complicated the formulation of a common negotiation position' (Meyn (2008)).
- With the exception of the EAC, the regional groupings within which African countries chose to negotiate their respective EPAs did not match the contours of the formally recognized regional economic communities to which they belonged. The situation was further compounded by the fact that these regional groupings include both LDCs and non-LDCs, which have different interests and with only the LDCs enjoying benefits under the EBA. In 2012, the Commission recognised that '(in) several instances, the reality of regional integration processes was not sufficiently advanced, both politically among the countries concerned and capacity-wise (European Commission (2012f)).
- ACP countries were pressured to negotiate on trade-related issues, such as investment and government procurement, in cases where there is little capacity or incentive at either regional or national level to enter into commitments in such areas. This raised the concern that the pace set by the EPA negotiations left little time to focus on internal factors relating to autonomous regional integration. Moreover, although the regional agenda was largely defined by the members of the regional bodies, some countries did not consider the implementation of the regional strategy as a national priority, which tended to delay the regional integration programme. Ownership of strategies by regional organisations and their members has been difficult. (Mackie et al (2010a).

- Concerns voiced over a number of ‘contentious’ provisions appearing within the agreements, inter alia related to the definition of the most favoured nation clause, the ‘non-execution’ clause, the definition of rules of origin, tariff liberalisation schedules, binding provisions for public procurement and intellectual property rights.
- Insufficient attention for accompanying measures to remove supply-side constraints, ‘like unreliable public utilities, poor public infrastructure, weak institutional policy frameworks and low labour productivity’, to deal with non-tariff barriers in EU markets and to offset the negative effects of tariff reductions on government revenues.

The Netherlands has repeatedly advocated for timely concluding the EPA negotiations from around 2005 onwards. It repeatedly expressed its concern about the slow progress observed above. It was pleased that the Everything But Arms initiative (see Text Box 8.4) had been put in place as an equivalent of the arrangements that existed for LDCs earlier on.

Text Box 8.4 *Everything But Arms*

On 28 February 2001, the Council adopted Council Regulation (EC) No. 416/2001, better known as the ‘Everything But Arms’ (EBA) Regulation. The Regulation went into force on 5 March 2001 and was incorporated into the Generalised System of Preferences (GSP) Regulation that went into force on 1 January 2002. Article 7 of the Regulation states that ‘*(in) the light of the real risk of the LDCs becoming increasingly marginalised in the world economy, the Community must go even further than these undertakings and grant all products from LDCs, except arms and munitions, duty-free access without quantitative restrictions immediately*’. According to OECD (2002), the LCDs ‘generally welcomed this initiative as a show of good faith by the EU in the WTO framework’ despite ‘some concerns about institutional shortcomings’ (OECD, 2002)). The EBA Regulation applies to 48 LDCs including 40 ACP countries, and, according to UNCTAD, ‘has made the EU GSP for LDCs a more favourable scheme in terms of tariff treatment and product coverage than the preferential trade arrangement available under the Cotonou Agreement’ (UNCTAD (2002)).

Changes in ACP-EU trade relations?

As mentioned above, one of the reasons to change the Lomé trade regime was that it had done little to boost trade or to diversify the ACP economies. The following paragraphs provide a brief on what has happened in the first decade of the New Millennium in EU-ACP trade relations (excluding South Africa which has consistently been the EU’s most important trading partner over the years (e.g. South Africa accounted for 28% of EU imports from ACP countries and 31% of its exports to ACP countries in 2010)).[279]

[279] For a more elaborate presentation see Annex 10 on the CD-ROM.

Table 8.4 shows that excluding South Africa, total EU trade with the ACP countries has almost tripled between 1998 and 2011. After a dip in 2009 it has increased by some 50% to reach EUR 123 billion in 2011. EU imports from ACP countries have tripled as well, but parallel to overall trade, saw a decline in 2009 after which they increased to EUR 68 billion in 2011. EU experts to ACP countries have increased less strongly than imports but saw a dip in 2009 as well before increasing to EUR 55 billion in 2011.

Table 8.4 EU ACP trade relations (excluding South Africa) (in EUR mln)

	1998	2000	2002	2005	2007	2008	2009	2010	2011
EU imports from ACP countries	21,494	28,557	30,515	36,138	42,879	54,133	38,722	46,827	68,492
EU exports to ACP countries	22,223	26,429	27,802	30,763	41,477	47,398	41,339	47,322	54,536
Trade balance	729	-2,128	-2,713	-5,375	-1,402	-6,735	2,617	495	-13,956
Total trade	43,717	54,986	58,317	66,901	84,356	101,531	80,061	94,149	123,028

Sources: EU – Africa, Caribbean, Pacific (ACP) trade relations, Key Facts and Figures, Brussels, 2 October 2003; DG Trade, EU bilateral trade and trade with the world (ACP excluding South Africa, 29 November 2012

The European trade deficit with the ACP countries that existed for nearly a decade turned into a trade surplus in 2009 (EUR 2.6 billion) and 2010 (EUR 495 billion). EU imports from ACP countries exceeded exports by close to EUR 14 billion in 2011.

For the EU, despite growth in volume, the importance of trade with the ACP group has remained rather marginal and despite a longstanding partnership, 'the ACP region remains of more modest economic importance, accounting for very little in terms of trade' (Fontagné et al (2009)). Excluding South Africa, in both 2001 and 2007, imports from ACP countries equalled 2.8% of all EU imports, by 2011 this was around 5%. Vice versa, the EU has remained the main export market for the ACP countries, especially when excluding data on mineral fuels. Nevertheless, its share has seen a decline: in 2011, 23.5% of ACP exports went to the EU compared to 29% in 2001. Although the EU continues to maintain its position as Africa's main trading partner, recent data suggest that it is 'losing influence and trade advantages to other global actors, such as the emerging powers' (Mackie et al (2010b)). On the other hand, it shows that ACP countries have been able to diversify their external trade relations, especially with China and other emerging economies' (European Parliament, OPPD (2011)) as well as the United States.

Throughout the years, only a few ACP countries have accounted for the bulk of ACP exports to the EU. As observed above, South Africa has been the most important trading partner followed by Nigeria and Angola in second and third place but at a distance, mainly providing mineral fuels. In 2008, South Africa, Nigeria and Angola accounted for over 60% of ACP exports to the EU. Other main exporters have been Cote d'Ivoire, Angola, Cameroon, Mauritius and Ghana. In 2008, the combined share of exports to the EU from the Caribbean and Pacific ACP countries was around 10%.

There has not been too much export diversification on the side of the ACP countries. In 2002, eight products[280] accounted for over 60% of total ACP exports, with the bulk of ACP exports consisting of raw materials or 'primary products', in particular mineral fuels and food products.[281] In 2010, 41 % of all EU imports from ACP countries consisted of mineral fuels (mainly from Nigeria and Angola); this was 24.3% in 2006 and around 20% in 2001, with countries like Nigeria, Angola and Equatorial Guinea relying heavily on the export of energy products. In 2006, 31 ACP countries relied on only one agricultural commodity for more than 20% of their total export earnings. According to Fontagné et al (2009), '(one) single product category .. accounts for more than 50% of total exports in one country in two, and more than 70% in one country in three'. With the high share of raw materials of ACP exports and the concentration of these exports in only few products, Busse (2010) observes that '(additional) market access preferences alone are, therefore, not very likely to benefit ACP countries in the future'.

For the LDCs among the ACP countries, the Commission observed in 2012[282] that their dependence on a few export products, particularly primary commodities, has increased during the past decade. Moreover, this increase is concentrated in a subset of countries (i.e. Chad, Zambia, Angola, and Equatorial Guinea) and is at the same time mainly due to the increase in global demand (oil in the case of Chad, Angola and Equatorial Guinea, and copper in the case of Zambia) and high commodity prices.

Summary of main findings

Support for regional, and then global integration of ACP countries was to be the natural mandate of the Commission and goes back to the Maastricht Treaty. Regional cooperation and integration are also integral part of the Cotonou Agreement and is to contribute to political stability, economic development and the protection of regional public goods. EU aid was assumed to have a comparative advantage to deal with regional integration issues as was recognised by the Netherlands.

In line with the increased importance attached to regional cooperation and integration, the EDF budget for regional programmes almost doubled from EUR 904 million under the 9th EDF to EUR 1,783 million under the 10th EDF. A major share of this budget is to serve regional economic integration and is closely tied to the attempts to conclude regional Economic Partnership Agreements since 2002 and the aid for trade policy that was agreed upon in 2007.

Little is known of what has come of the regional aid-for-trade packages that have been financed from the intra-ACP envelope. Evaluations of 2006 and 2008 and a Court of Auditors report of 2009 show disappointing results of the regional programmes, though it is realised that putting regional integration into practice is a much longer process than probably initially was thought. Nevertheless, the state of affairs

[280] Petroleum oil (28% of total ACP exports), diamonds (9%), cocoa (8%), fish (6%), wood (4%), sugar (3%), aluminium (2%), and tobacco (2%).

[281] Table A.10.3 in Annex 10 gives an overview of the EU top 10 imports from ACP countries in selected years.

[282] European Commission (2012f).

observed makes the decision to increase the budget for regional programmes and to increase it further over the years, difficult to understand.

Main issues that have been identified relate to: (a) the selection of regional partners, with complex and overlapping institutional frameworks, especially in Africa; (b) the limited institutional capacity of these partner institutions; (c) the fact that members of these institutions do not give priority to regional integration and attach more importance to building up their own institutions; (d) problematic monitoring and evaluation of regional programmes, and little information on progress of regional interventions, partly as a result of ill-defined responsibilities between Delegations and a lack of capacity at this level.

To date, the EPAs, which have been the focus of an important part of the regional programmes, cannot be qualified as a success story either. Negotiations have lasted much longer than anticipated and only in the Caribbean is there a comprehensive regional EPA, elsewhere there are bilateral interim agreements with (groupings of) individual countries. As a result, trade relations with the group of ACP countries are currently covered by a series of different agreements. Main issues that have transpired in the negotiations relate to: (a) a lack of common understanding and approach to the new trading agreement, with ACP countries doubtful whether the EPAs would serve their interests, (b) limited capacity on the ACP side to effectively participate in the negotiations, (c) the complexity of the institutional framework on the ACP side referred to above, (d) concerns about contentious provisions in the agreement and (e) insufficient accompanying measures to address supply-side constraints. For the LDCs among the ACP countries, the Everything But Arms regulation has provided to a certain extent a way out of the stalemate.

Finally, looking at ACP-EU trade volumes over the last decade, the available global trade data show that: (a) in terms of value these have expanded with a dip in 2009, (b) for ACP countries, the EU has remained an important trade partner but its share of ACP exports has declined, (c) for the EU, imports from the ACP countries accounted for only a minor share of total EU imports, (d) there has been little in terms of ACP export diversification, with the bulk still consisting of raw materials, mineral fuels (oil and gas) and most countries still dependent on a few commodities and (e) only very few countries, including South Africa, accounting for the bulk of ACP exports to the EU.

9

Interregional and intra-ACP cooperation

Introduction

Under the conditions set out in Article 58 of the Cotonou Agreement[283], its Article 28 refers to support to 'inter-regional and intra-ACP cooperation such as that involving: (a) one or several ACP regional organisations, including at continental level; (b) European Overseas Countries and Territories (OCTs) and outermost regions; and (c) non-ACP developing countries. Article 12 of Annex IV to the Agreement furthermore defines that 'Intra-ACP cooperation shall, as an instrument of development, contribute to the objective of the ACP-EC Partnership. The Intra-ACP cooperation is a supra-regional cooperation. It aims to address the shared challenges facing ACP States through operations that transcend the concept of geographic location and benefit many or all ACP States'. Inter-regional and intra-ACP consumed over 20% of the resources available under the 9th EDF and 12% of those set aside for the 10th EDF.

The following paragraphs provide a brief on the principles underlying the instrument, the aims pursued, as well as issues of funding and the use made of the money available. Special attention is paid to the African Peace Facility and other facilities that have been set up over the years for energy and water and the EU-Africa Infrastructure Trust Fund.

9.1 Principles

Under the 9th EDF, the Intra-ACP envelope, which was part of the EUR 1.3 billion earmarked for regional cooperation, was not programmed. Though this gave more flexibility for financing ad hoc decisions, the Commission recognised that it had led to a fragmented approach and a lack of ACP ownership while the added value of EU support was not always evident. Moreover, the principles of all-ACP coverage and subsidiarity were not always consistently applied.

This changed with the 10th EDF and Commission and the ACP Secretariat prepared a Strategy paper and Multi-annual Indicative Programme 2008-2013 that was signed in March 2009. This document defines the overall objective of the intra-ACP programme as 'to provide effective assistance to achieve the ACP States' objectives and priorities in the context of regional cooperation and integration, notably inter-regional (including ACP-wide, pan-African and continental) and intra-ACP cooperation'.[284] It identifies, in line with Annex IV to the Cotonou Agreement the following main principles of intra-ACP cooperation:

[283] Article 58 provides an overview of the different bodies and entities that are eligible for financing under the Cotonou Agreement, including: ACP States; Regional or inter-State bodies to which one or more ACP States belong, including the African Union or other bodies with non-ACP State members, which are authorised by those ACP States; joint bodies; and, subject the agreement of the ACP State or ACP States concerned, national and/or regional public or semi-public agencies and departments of ACP States, private companies, etc.

[284] European Community & ACP Group of States, Intra-ACP cooperation 10th EDF: Strategy paper and Multiannual Indicative programme 2008-2013.

- subsidiarity, i.e. action at intra-ACP level is foreseen when the action at national and/or regional level is not practicable or less effective. Intra-ACP cooperation is concerned specifically with programmes operating in all the ACP countries and global initiatives that benefit the majority of ACP countries
- complementarity, i.e. measures taken at intra-ACP level are in synergy with operations carried out under other EU aid instruments.

The Strategy Paper furthermore identifies the following three broad 'clusters of action':

- global initiatives in the area of health and the fight against the main poverty-related diseases,
- measures to protect ACP countries against exogenous shocks in the area of climate change and environmental pressure and to support their integration, both among themselves and in the world economy,
- more specific measures to support integration in Africa, by means of peace-building activities, institutional capacity-building for the African Union and assistance to develop tools and strategies to address specific common challenges, notably in the area of agriculture and rural development'.

9.2 Funding and use of resources

Under the 9th EDF, the initial Intra-ACP budget was EUR 300 million, primarily covering: (1) social sectors (especially health and education), (2) 'methodological support and capacity-building' and (3) natural resources management. This changed during the 9th EDF's lifetime when increased funding was set aside following a series of ACP-EC Council of Ministers' decisions. In the end, the so-called 'Intra-ACP funds' represented more than EUR 2.8 billion (or some 22%) of the 9th EDF, i.e. close to ten times the original allocation. This budget was in support of some 50 initiatives that were spread over seven sectors, including:

- health (e.g. development of malaria vaccines and the WHO Partnership on Pharmaceutical Policies),
- education (e.g. the ACP window of Erasmus Mundi),
- environment and natural resources (e.g. Strengthening food Safety Systems in ACP countries, a natural disasters facility, and support for the implementation of Multilateral Environmental Agreements),
- peace and security and
- debt reduction.

Under the 10th EDF, the intra-ACP resources are set aside for partly the same programmes (see Table 9.1).

Table 9.1 Intra ACP envelope under the 10th EDF (in EUR mln)

Component	Budget	Purposes
Institutional expenditure and operational expenses of a series of joint institutions	300	Provides funding for the Centre for Development of Enterprise, the Technical Centre for Agricultural and Rural Cooperation, hosted by Wageningen Agricultural University, and the Joint Parliamentary Assembly. Resources are also used to contribute to the funding of the ACP Secretariat and for an intra-ACP Technical Cooperation Facility.
Supra-regional geographic ACP initiatives, i.e. mainly measures that benefit the majority or all of the ACP states		
All-ACP initiatives	1,290	Funds initiatives on climate change (e.g. through the Global Climate Change Alliance), science, education and culture, trade, the private sector and migration
Pan-African initiatives	440	Funds initiatives in the areas of peace and security, institutional support, agriculture and rural development and sanitary services. This includes support for the African Union and a series of facilities: (i) African Peace Facility, (ii) Water Facility, (iii) Energy Facility and (iv) the EU-Africa Infrastructure Trust Fund.
Global initiatives, i.e. global measures contributing to sustainable development to which the ACP States have subscribed.		This includes EUR 300 million for global initiatives in the field of public health (such as the Global Fund to Fight AIDS, Tuberculosis and Malaria).
Reserve	370	The reserve includes EUR 300 million for peace and stability for the period 2011-2013

An overview of approved Intra ACP actions under the 9th and 10th EDF is provided in Annex 4 (Table A.4.8). While the launch of the different facilities has enabled the Commission to respond more flexibly to regional needs and global initiatives[285], the following main issues have been identified as regards the use of the Intra-ACP funds:[286]

- The lack of external consultation on programming, coupled with the shift away from joint management to a more classical donor-recipient relationship – with the exception of the African Peace Facility which is managed jointly with the African Union.
- The reliance on technical assistance and project management units as well as call for proposal procedures which adds to administrative burdens and costs.
- Limited relationship of Intra-ACP programmes with national programmes.

285 European Community & ACP Group of States, Intra-ACP cooperation 10th EDF: Strategy paper and Multiannual Indicative programme 2008-2013.

286 See for example CONCORD (2011d) and Mackie (2006).

- The use of ODA funds for non-ODA compatible funding of activities under the African Peace Facility.
- The creation of facilities runs counter to the decision taken with Cotonou to reduce the number of instruments and thereby the complexity of managing EDF resources.

Finally, while information on the programming of the 10th EDF Intra ACP envelope is available and calls for proposals are published by a series of institutions, it remains virtually impossible to find clear and comprehensive public information on expenditures at intra-ACP level or about the results that were accomplished. This concerns to a large extent initiatives managed by the Commission directly.[287]

The following paragraphs provide more details on the main facilities that financed under the intra-ACP instrument and the EU-Africa Infrastructure Trust Fund.

9.3 The African Peace Facility

General

The first Africa-EU Heads of State summit of April 2000 marked 'a fresh start to the political dialogue outside the regular Cotonou framework' (Elowson (2009)) in which peace and security featured among the topics discussed. In 2000, the same Cotonou Agreement was signed, which, in Article 11, identified conflict prevention and peace building as a key area of cooperation. This provided the legal basis for EU funding for peace and security matters in Africa. It was also the year of the Joint Statement on EU Development Policy that identified conflict as a 'horizontal issue' that required 'systematic attention'. Finally, on the African side, 2002 saw the establishment of the African Union (AU), amongst others with the task to develop a structural and long-term response to the African peace and security challenges i.e. the African Peace and Security Architecture (APSA)[288] which was at the centre of the new African role on peace and security issues as well as a core priority of the African Partnership with the EU (Pirozzi (2011)). The APSA consists of:

[287] Some of the EU supported programmes have been evaluated, though not all. Evaluations include: (a) a series of evaluations of GFATM (http://www.theglobalfund.org/en/terg/evaluations/5year/), (b) Education Erasmus Mundus: Interim Evaluation of Erasmus Mundus, Final Report, June 2007; Ex-post evaluation of Erasmus Mundus Case Studies, Ex-post evaluation of Erasmus Mundus and A final report to DG Education and Culture (July 2009); Education for All – Fast Track Initiative mid-term evaluation (Cambridge Education, Mokoro, Oxford Policy Management (2010)). For the Comprehensive Africa Agricultural Development Programme, a monitoring and evaluation framework exists but it is unclear whether an evaluation was conducted. It is uncertain whether the following programmes/projects were externally evaluated in recent times: Mwalimu Julius Nyerere Programme, EDULINK II, Centre for the Development of Enterprise and Technical Centre for Agricultural and Rural Cooperation.

[288] The AU Constitutive Act calls for the establishment of a common defence policy and while it upholds the principle of non-interference 'it also reserves the right of the Union to intervene in a Member State … in respect of grave circumstances, namely war crimes, genocide and crimes against humanity'. It also articulates the inseparable link between development and security in its preamble. 'In addition, APSA aims to harmonise, streamline and implement actions regarding cross-cutting and thematic peace and security issues such as SSR, PCRD, counter- terrorism, SALW, maritime safety and security etc.' (Council (2011b)).

- The AU Peace and Security Council, core organ of the APSA, and set up in July 2002 and formally launched in May 2004 as the AU's 'standing decision-making organ for the prevention, management and resolution of conflicts' (Pirozzi (2011). The Council was 'to be responsible for monitoring and intervening in conflicts and is intended to have an AU peacekeeping force at its disposal' (Kühnhardt (2010)).
- A Continental Early Warning System (CEWS) –designed as a conflict anticipation and prevention tool that consists of a central observation and monitoring centre in Addis Ababa and regional units' (Pirozzi (2011)). The system is to help the Council to make decisions and to guide the African Standby Force in the deployment of its troops.
- A 'Panel of the Wise', consisting of five respected African public figures, one for each African region, with a mandate to provide opinions on conflict prevention and resolution to the Peace and Security Council. The first Panel was set up in December 2007.
- An African Standby Force (ASF) for deployment in conflict areas.

A first EU programme in support of AU peace building and transition activities was signed in April 2003[289] following the ACP-EC Council of Ministers' Decision of December 2002 that '(an)amount of EUR 25 million shall be taken from uncommitted interest subsidies from the 8th EDF for actions in the field of conflict prevention and resolution and peace-building' (ACP-EC Council of Ministers (2002). By establishing the African Peace Facility[290] in November 2003, the Council responded positively to the AU's request for EU support for peace and security that was made at the Maputo summit of July 2003. The same month, the Council agreed on the use of the 9th EDF for this facility (Council (2004b)) and in December 2003 agreement was reached to create a Peace Facility with funds from the intra-ACP envelope.[291]

This decision was in line with the overall European Security Strategy of 2003 and its emphasis on the link between security and development, regional conflicts in Africa and the Union's interest in energy security, counter-terrorism, and migratory movements. It also reflected 'a trend over the past years to pay more attention to conflicts, conflict resolution and peace in Africa and to incorporate the relevant topics into the political dialogue at regional and country level' (Commission (2005i)). It is based on the recognition that (i)

[289] The programme's prime objective was 'to fund the operational activities of the Peace and Security Council, and secondly to work on AU capacity building in the transition period' on the basis of the AU's indicative work programme on peace and security issues (Commission (2003h)).

[290] Ministers welcomed the proposal of the European Commission to allocate EUR 250 million for the african Peace Facility 'and called for the quick operationalisation of the Facility, which is built on the principles of African ownership and solidarity and interaction between the AU and relevant sub regional organisations. They expressed appreciation for this initiative, which is aimed at supporting African peace keeping efforts and institution and capacity building' (Council (2003d)).

[291] The Council and Commission Statement of 17 November 2003 reads in this respect: 'Security and stability are vital to development and reducing poverty in Africa. A Peace Facility for Africa will provide a significant boost to Africans' ability to bring peace to their continent. The Peace Facility will support African-led operations and build African institutions' long-term capacity to carry out such operations. Initial funding for the Peace Facility will be provided from the European Development Fund as an interim measure. .. (Subsequent) alternative funding options will have to be considered in the light of a review of the Facility's effectiveness' (Council (2004b)).

peace and security are preconditions for sustainable development – not only for Africa but also for Europe; (ii) and that the Africans have to take responsibility for maintaining peace on their continent; (iii) but that this requires that 'substantial, predictable and flexible funding (are) placed at the disposal of the African Union and African sub-regional organisations in order to back their relevant operational and structural efforts' (Council (2011b)).[292]

Since its establishment, the importance of the Facility and its place within the EU's overall policy vis-à-vis the African continent as well as its Common Foreign and Security and European Security and Defence policies has been underlined on numerous occasions.[293] Likewise, the Netherlands has been supportive of the initiative (see Text Box 9.1) though in 2004 it was less happy with the idea of financing peace keeping operations with aid money (KST 74461 (2004)). In October 2012, the then state secretary of Foreign Affairs recognised the added value of the EU's support to AMISOM and underlined that individual Member States neither had the capacity nor the clout the EU has in this respect (KST 21501-04-147 (2012)). A few months later, the newly appointed Dutch minister of foreign affairs (Frans Timmermans) underlined the importance of EU and Dutch support for ECOWAS in dealing with the conflict in Mali (KST 21501-02-1203 (2012)).

[292] Throughout the years, the Council continued to reconfirm the importance attached to the developing partnership with the African Union and sub-regional African organisations and their role in the field of conflict prevention, conflict management and development, the relevance of the Facility, and the EU's commitment to support the peace processes in the continent. See for example Council (2004a), (2004e), (2005d), (2005a), (2006c), (2006s), (2007k) and (2007q) and statements made at the 3rd Africa EU summit that was held in Tripoli in November 2010.

[293] Including for example Council (2004f) and (2005b)), Commission (2005j), and (2007j)) and finally the Joint Africa EU Strategy of December 2007 which aims at 'enhancing the capacity of Africa and EU to respond timely and adequately to security threats, and also to join efforts in addressing global challenges' (Council (2007u)). The Strategy frames the African Peace Facility with peace and security among its eight partnerships. This partnership identifies a series of priority actions in terms of strengthened cooperation on conflict prevention, management and resolution, including long-term post-conflict reconstruction and peace building, stepping up dialogue and consultations and enhanced capacity building and cooperation in the fight against terrorism and on issues relating to the security/development nexus.

Text Box 9.1 *Dutch views on the African Peace Facility*

The issue of peace and security in Africa were also high on the agenda of the Netherlands, which requested in January 2000 that 'conflicts in Africa' be put on the Council Agenda. It considered that the EU needed a 'more coherent and systematic approach' for (post) conflict situations in Africa' (KST 47517 (2000)).The joint Irish-Netherlands document 'Seizing the Opportunities of the Enlarged Union', called for reconfirmation of the importance of the EU-Africa dialogue and continued support for (i) 'Africa-wide and regional initiatives on development and conflict prevention' as well as (ii) the Peace Facility for Africa as an 'important contribution to building African capacities in the area of conflict prevention and crisis management' (Council (2003f)). To the Netherlands, peace, security and development were interrelated, particularly in parts of Sub-Saharan Africa. An integrated approach was needed from the Union in conflict and post-conflict areas that combined the various instruments of foreign policy – from aid to diplomacy and fair trade.

Despite all votes in favour and though precedents existed[294], funding of the Facility from the EDF's intra-ACP envelope has raised concerns on three main issues: (i) the use of ODA; (ii) continued funding and (iii) the use of the Intra-ACP instrument, which, according to Mackie (2009) was not ideally suited' to finance the Facility as 'it was originally destined to be used on across-ACP projects', serving 'the common needs for all or at least a majority of the ACP member states. Usually therefore it is not used just in one ACP region'.

The issue of diverting ODA resources away from economic and social programmes has been subject of a long debate that continues to date. Questions have been raised as regards the possibility of misusing EDF for military purposes 'since the EU Treaties do not allow the community budget to finance military operations' (Furness (2011)).[295] On this issue, the mid-term review states that the African Peace Facility 'cannot finance ammunition, arms and specific military equipment, spare parts for arms and military equipment, salaries for soldiers and military training for soldiers' but that 'no other costs are excluded' (Ecorys Evaluation Consortium (2006)). EU Member States – in particular France, Germany and the UK - on the other hand 'provide funds for salaries of military personnel, military training for soldiers, transportation, and military equipment and logistics for AU-led PSOs, thus covering costs that cannot be financed through the African Peace Facility and other EU instruments' (Pirozzi (2011)).

Using the EDF was to be a 'one-off measure' and a temporary compromise; for future funding the Commission was advised to look elsewhere, with some Member States back in

[294] See Council (2003e) and Ecorys Evaluation Consortium (2006).

[295] According to Poultron et al (2011), the 'reluctance about development money funding PSOs might disappear if greater political attention was paid to the non-military aspects of PSOs and complementary actions involving conflict management and mediation actions. In part, this may also be a communication issue: APF instrument is not good in communication outreach or working with the relevant actors beyond the organisational secretariats in the AUC and RECs ..'.

2006 not ruling out funding from the CFSP budget. This issue has been on the agenda of the Council since October 2005 when an options paper for long-term financing of the Facility was discussed at the level of COREPER. History shows however that so far the option of using EDF resources has been retained, with the EU Member States approving a Commission proposal to replenish the African Peace Facility until the end of 2013 in April 2011. Using EDF funding is seen as a structural weakness and threat to the long-term sustainability and predictability of EU support, as was also, be it indirectly, recognised by the Commission in 2003 (Commission (2003h).[296] At the same time, the idea of also using ENPI to contribute to the Facility has not materialized 'because the idea met with resistance on both the European and the African sides, where officials responsible for administering the ENP funds and approving their use are not convinced that pan-African projects were the best use of the ENPI'.[297] The importance of continued funding of the ASPA is reinforced by the fact that the AU remains dependent upon the EU's contribution, one reason being that a number of AU member states 'have difficulties in honouring their financial obligations' (Pirozzi (2011)) towards the funding of the PSOs and other operational activities.

Facility characteristics

In March 2004, the EU Member States approved a Commission proposal to establish a EUR 250 million Africa Peace Facility . These EUR 250 million were scraped together from the allocations of individual ACP countries (EUR 126.4 million) and unallocated resources of the long-term development envelope of the 9th EDF (EUR 123.6 million). In terms of objectives, the general objective of the Facility reads as 'to contribute to peace, stability and security in Africa through targeted support to African efforts at the continental and regional level in the area of conflict prevention, management and resolution, and peace building' (Council (2008j)). Its specific objectives are in summary: (i) enhanced dialogue on challenges to peace and security; (ii) operationalisation of the African Peace and Security Architecture; and (iii) predictable funding for Africa-led peace support operations, in particular through the establishment of an EU predictable and sustainable funding scheme (Council (2008j)). The first agreements related to the Facility were signed in July and September 2004 and

296 See Poultron et al (2011), Furness (2011), and Vanheusden (2011). Several options have been suggested to address future funding by for example Furness (2011), ECPDM (2006) and Ecorys (2006). According to Koeb (2008), '(more) coherent external action could provide other options for supporting PSOs than the current main EU instrument for this task, the African Peace Facility (APF). If the EU is serious about human security in Africa, as well as strengthening its own security threatened by conflict and lack of rule of law in Africa, it will not only have to apply the entire range of external action instruments and policies to the problem, but also allocate adequate funds to it'.

297 On this issue see also ECDPM (2006) and Assanvo and Pout (2007), observing that 'Inadequate funding has always been one of the main factor undermining past and current African commitments to maintain peace and security on the continent'. According to the Commission in 2011, 'In general, coherence and coordination with other EDF funded activities and EU instruments and initiatives (IfS, DCI, ENPI, CSDP...), as well as with bilateral actions of EU Member States, should be strengthened' (Council (2011b)).) The document talks about further strengthening of inter-service EC cooperation 'in view of reinforcing coherence and consistency of support provided under the APF and other EDF funding sources (i.e. RIPs), the IfS, and the ENPI and DCI if relevant'.

contributed to the funding of a ceasefire monitoring commission in Darfur and capacity building on peace and security.

The original EUR 250 million under the 9th EDF were replenished four times (three times from the EDF and once through Additional Voluntary Contributions (AVCs) from EU Member States[298], resulting in a total budget of close to EUR 440 million.[299] It was furthermore agreed that the Facility could be supplemented by funding from the Commission's Instrument for Stability as happened from 2007 onwards.[300]

Under the 10th EDF, EUR 300 million were reserved for the years 2008-2010 under the heading of 'pan-African initiatives' following approval of the 3-year Action Programme for the African Peace Facility (2008-2010) in November 2008. For the period 2011-2013 an additional EUR 300 million were approved by the Council and the Permanent Representatives Committee. In October 2012, the Council agreed that the EU 'should endorse the request made by the African Union to replenish the African Peace Facility … by reallocating EUR 100 million from the general reserve' of the 10th EDF to the PSO envelope of the Facility (Council (2012c)). In addition to resources from the African Peace Facility, substantial funds have been programmed under the regional EDF programmes of the 9th and 10th EDF.

A financial overview of the African Peace Facility is given in Table 9.2.[301]

298 Available information for 2010 indicates that the following EU Member States have contributed to APSA – outside the APF: Denmark, Finland, France, Germany, Italy, Sweden and the UK (African Union (2010) African Peace and Security Architecture (APSA). 2010 Assessment Study).

299 The possibility of these AVCs was introduced in May 2007. They 'should become a preferred approach for channelling bilateral support of Member States to all operations, initiatives and actions within the thematic scope of the Facility' (Council (2008j)).

300 The Instrument for Stability is intended as a complement specifically to the APF and the EDF, either to kick-start an initiative, or as an extra support when APF/EDF funds have temporarily run out and comprises both urgent invention and long-term programmes. It has replaced the Rapid Reaction Mechanism from 1 January 2007 onwards. According to the Commission, '(inter-linkages) with the Instrument for Stability are particularly strong and opportunities for synergies should continue to be seized, based on previous and on-going examples (parallel and complementary APF and IfS support in Darfur, Central African Republic, Somalia,…'(Council (2008j)).

301 The Commission refers to 'bilateral contributions of its member states, the allocation of EUR 95.5M from the Peace Facility and a contribution of EUR 4.75M from the Stability Instrument' (Commission (2010s)).

Table 9.2 APF financial overview (in EUR mln)

	Budget		Contracted	Paid
PSO	400 (9th EDF) 200 (10th EDF)	African Union Mission in Darfur, Sudan (AMIS), 're-hatted' into joint AU/UN African Peace Facility[302]	302.8	262.5
		The Force multinational en Centrafrique (FOMUC) in the Central African Republic of the Communauté économique et monétaire de l'Afrique Centrale (CEMAC) followed (since July 2008) by the Mission for the consolidation of peace in Central African Republic (MICOPAX) under the responsibility of the Economic Community of Central African States	68.5	61
		African Union mission in the Comoros (AMISEC/MAES)	8.5	4
		African Union Mission in Somalia (AMISOM)	142.5	100.7
Capacity building	27 (9th EDF) 65 (10th EDF)	AU Commission ASF workshops AU/REC/ASF brigades AU Commission –Peace and Security Department[303]	6 1 20 10	4.7 0.7 13.7 2.5
ERM	15 (10th EDF)		15	3
Total	€707		574.3	452.8

Capacity building has been in support of the ASPA and focused on inter alia the Peace and Security Department of the AU Commission, the African conflict prevention capacities, the planning and management capacities of the AU Commission as well as the African Standby Force. Moreover, through the capacity building programme, the Facility financed liaison offices to the African Union in Addis Ababa. A Joint Financing Arrangement (JFA) was launched on 1 July 2010 'to ensure a more harmonised and predictable funding of human resources related to the implementation of the Peace and Security Department Programme of the AUC Strategic Plan' regulating an EC contribution of EUR 10 million for 2.5 years (Commission (2011u)). This allows for a more coordinated and continuous support to staffing replacing project based funding by multiple donors like the EU (Pirozzi and Miranda (2010). At the same time, since 2007 some EUR 61 million has been committed as aid to the

302 Eight EU Member States have contributed an additional EUR 36.5 million since 2004. According to Vetter (2006), 'EU support to AMIS became an important occasion where the EU's development and crisis management instruments and the support provided by individual Member States complemented each other' while the 'collective efforts developed and agreed in the Political and Security Committee helped to further shape the EU's role as a key partner for the AU'.

303 Since 2012, the Netherlands contributes some EUR 1million to the AU's Peace and Security Department for a period of three years (KST 33480-V-3 (2012)).

African Union and to operations in countries covered by the Facility under the Instrument for Stability.[304]

Results and issues

A mid-term evaluation of the Facility, though identifying several issues warranting attention[305], was very positive. The Facility was seen as 'one of the EU's newest and most proactive instruments for external action' and as 'one of the most tangible aspects of the EU's growing cooperation with the African Union'. According to the report, the Facility was relevant and based on appropriate principles (i.e. African ownership, solidarity and partnership between Africa and Europe). Its strategy of supporting African organisations to run African peace support operations and build up the African capacity to do this was 'appropriate and effective'. Overall, the evaluation recommended that 'the APF should continue in much the same form as present…'.

An evaluation of the APF Action Programme was launched early 2011. Like the report of 2006, a first report on the procedures and future funding of the APF is basically positive

304 African Union: EUR 5 million to support the establishment of a (civilian) Planning Unit (PU) for AMISOM (2007); EUR 7 million for: (1) Exceptional Assistance Measure to support the African Union (AU) Strategic Management and Planning Unit (SMPU) for AMISOM; (2) EU Planners to support the AU's Strategic Planning and Management Unit (SPMU); (3) Support to AU election observation missions in African countries affected by instability (2009). Central African Republic: EUR 7.75 million for: (1) Support to national conciliation and prevention of conflict; (2) Security System Reform Team of Experts; (3) Support for measures to mitigate the social effects of restructuring of the armed forces (2008). Comoros: EUR 1 million Financial support to the preparation of parliamentary elections: EUR 1 million (2009). Somalia: EUR 4 million as Immediate Support Package to Somalia's Transitional Federal Institutions (2008). Sudan and South Sudan: EUR 3 million for the UN-administered 'Trust Fund for the AU-UN Joint Mediation Support Team (JMST) for Darfur' (2007); EUR 15 million for Support for stabilisation and referendum related processes in Sudan (2010); EUR 18 million for Support to peace-building and stabilisation in Sudan and South Sudan (2011). Sources: Commission (2008q), (2009o), (2010y), (2011aa) and (2012a).

305 Issues identified included the following: (i) the line taken that the Facility should provide only part funding for PSOs; (ii) the fact that very limited thinking had so far gone into exit strategies for the Facility. Moreover, 'support for each PSO needs to be situated in the context of a broader package of support measures being taken to resolve conflict, increase security and, as circumstances permit, start working on post-conflict reconstruction; the Facility is ' only one tool in the EU toolbox and the EU could do more to exploit the full potential of all the instruments and tools that they have available by seeking synergies between them'. The evaluation noted limited progress in building up APSA capacity and recommended that 'a longer-term and more systematic view is taken of the capacity building needs in the African continental peace and security architecture'. Finally, while the basic Facility management structures and systems were in place, the report also pointed at the challenges of the sizeable AMIS operation in Sudan for a new African organisation that is itself undergoing rapid change and that, so far, has only limited experience in the security domain. See also Klingebiel (2008).

(Poultron et al (2011)).[306] The *Thematic Evaluation of European Commission Support to Conflict Prevention and Peace-building* of October 2011 (focusing on the Central African Republic) reports that 'FOMUC and MICOPAX, financed through the African Peace Facility, had a stabilising effect on certain parts of the country, notably by creating security conditions under which the population could conduct social and economic activities' (ADE (2011)). At the same time, it was doubtful about the lack of capacity of national or local authorities and the financial resources of CAR's *Conseil National de Médiation* to take over interventions. Moreover, 'the durability of the effects of the FOMUC/MICOPAX was in doubt in the absence of further Commission support' (ADE (2011)).

Implementation issues identified include the following[307]:

- The use of the capacity building fund was affected by (i) a limited absorption capacity at the level of the AUC and the RECs[308] and (ii) the need to take into account the political realities of African integration which require the AU to balance interests and visions of African states, RECs and international partners.
- A lack of coordination, on both the African and the European side, with AU member states not always having the resources to ensure their participation in the Peace and Security Council, and among the various European actors, with 'often diverging priorities' and different and at times overlapping interventions (Pirozzi and Miranda (2010)).[309]
- A lack of administrative capacity on the African side (affecting reporting and financial management (Council (2011b)) while EDF rules were sometimes criticised for being

[306] The report states, for example, that '(the) APF is considered successful by most stakeholders, particularly in funding PSOs and establishing the AU as a serious player in peace and security issues. Its action is rooted in repeated joint commitments by EU and AU to work together for peace in Africa, ... The APF has given the African Union political clout, with a physical and political presence in peacekeeping that could not have been imagined ten years ago. The AU is now a functioning organisation with major military operations, some additional experience in police and civilian peacekeeping and mediation, and significant budgetary experience'. The APF is an instrument that 'provides political leverage to the AU' and, ('in) a remarkably short period, .. has changed the face of peace and security in Africa'.

[307] Mackie et al (2012) state in this respect: 'The APSA's autonomy continues to be curtailed by practical constraints including lack of capacity, limited technical expertise, unpredictable and unsustainable funding by AU members, and lack of coordination and cooperation'. They underline that the 'problems are fundamentally political' and that 'the linkages between the AU and the RECs remain a source of tension' which has been reinforced by incoherence on the EU side, for example, in Guinea and the Sahel, when attempts were made to integrate security strategy concerns in the development agenda'.

[308] Likewise Pirozzi (2011) observed that while EUR 34.5 million was allocated to capacity-building under the 9th EDF, 'slightly more than a half' of the contracted funds was actually paid, 'due to the AU's difficulties in recruiting personnel and implementing related projects'.

[309] See also Klingebiel et al (2008), stating that '(donors) use a range of instruments and modes of delivery in support of the APSA, according to their national interests and internal peculiarities. Consequently, there is a great need for the coordination and harmonisation of their efforts'.

inappropriate when dealing with PSO and early response.[310] The Commission was obliged to make an effort to strengthen the financial management of the Commission of the African Union (Commission (2010u)).
- Limited coherence between the Facility and other Commission instruments, in particular the Instrument for Stability.

9.4 Other main intra ACP components

Under the 9th and 10th EDF, the intra-ACP envelope finances an Energy facility (EUR 420 million), a Water facility (EUR 500 million) and an EU-Africa Trust Fund with an EDF contribution of close to EUR 210 million in the period 2007-2010.

The following paragraphs describe the main characteristics of these instruments. It is noted in this respect that apart from a mid-term review of the Water and Energy facilities of 2007, for all three no information on results and outcomes is available from independent evaluation. Along the same lines, no concrete information is available on the level of other resources that the instruments were expected to generate and who has provided these resources, an exception being the Trust Fund for which a mid-term review was completed in 2012.

ACP-EU Energy Facility

In June 2005, the Council approved the Commission's proposal to establish an Energy Facility for ACP countries. This Facility would support energy service delivery in rural areas, building institutional capacity in ACP countries, facilitating investments in cross-border interconnections, grid extensions and rural distribution networks' (Commission (2005i)). The Netherlands was positive about allocating EDF resources for this facility as it allowed the Commission to give follow-up to the agreements reached at the World Summit on Social Development of 2002 in Johannesburg .[311] At the same time, the reasons for establishing a separate Facility that operated to a large extent on the basis of calls for proposals rather than including energy in country or regional programmes are not evident.

310 According to Poultron et al (2011), '(struggling) to grasp the minutiae of EU administration and procedures is a burden that some RECs (ECCAS is one example) find almost overwhelming. The structural deficiencies of AU/RECs on financial management have made matters worse, although the AU appears to have made significant progress in this area during 2010'. It is worth recalling that under the Intra-ACP envelope, EUR 55 million is set aside under the 9th EDF to finance AU capacity building in areas other than peace and security. According to the Commission, this is 'essential for the efficient implementation of the African Peace and Security agenda' (Council (2008j)).

311 Its importance was also confirmed by the ACP-EU Parliamentary Assembly in June 2006 and at the Khartoum summit of ACP Heads of State and Government later that year.

As a co-financing instrument (providing a maximum contribution of 75% of total project costs), the Facility, was to be 'a catalyst promoting initiatives, providing information, acting as a clearing-house, building research and management capacity in ACP countries and, on the other hand, an instrument which can provide the missing link in financing sustainable projects and activities' (Commission (2004g)). Its long-term overall goal is 'to contribute to the achievement of the (MDGs), in particular the goal on poverty reduction, through increased access to energy services by the poor rural population'.[312]

The Facility was financed from the 9th EDF, i.e. EUR 220 million for the period 2006 – 2009. Already in 2007, the Council called upon the Commission and the EU Member States to 'enhance support for the energy sector in Africa', amongst others by replenishing the ACP-EU Energy Facility' (Council (2007h)). The Africa-EU Energy Partnership was presented in October 2007 and endorsed at the Lisbon summit of December 2007. Continuation of the Facility under the 10th EDF (EUR 200 million for 2009 – 2013) was initiated in October 2009 in Stockholm. The Council welcomed continuation and called 'on Member States to participate through co-financing' (Council (2009a)).[313]

The Facility's implementation modalities are shown in Table 9.3. According to the Commission in 2010, the projects funded under the Facility were expected to reach 6.5 million final beneficiaries (Commission (2010u)).

312 This was in line with the EU Energy Initiative for Poverty Eradication and Sustainable Development announced by the Commission in 2003, as a demonstration of 'the commitment of the EU to supporting those parts of the WSSD Plan of Implementation which highlight the importance of improving the provision of adequate, affordable, sustainable energy services. Such improvements in energy services for the poor are a necessary condition for the achievement of the Millennium Development Goals' (Commission (2003h)).

313 According to the Council, '(the) new Energy Facility will contribute to reduce poverty and improve livelihoods through the support to innovative projects aiming at increased access to modern energy services in rural, isolated and peri-urban areas in ACP countries. It will focus on renewable energies, will work with decentralised actors and the private sector and will be anchored in ACP partner countries' strategies and priorities' (Council (2009c)).

Table 9.3 Energy Facility implementation modalities[114]		
Modalities and Budget	**Focus**	**Awards**
Calls for proposals in 2006, 2009 (EUR 348 million) and one foreseen for 2012	2006 call for proposals: (i) improvement of access to energy services in rural and peri-urban areas; (ii) improvement of the management and governance of energy and (iii) improvement of cross-border cooperation in the energy sector. 2009 call for proposals: (i) projects to increase access to modern, affordable and sustainable energy services, with a special focus on decentralised and renewable energy solutions as well as on energy efficiency measures; (ii) actions to improve governance and framework conditions in the energy sector at regional, national and local levels, in particular those aimed at promoting renewable energy and energy efficiency.	74 projects in 2006 with a total contribution of EUR 196 million and a total project cost of EUR 430 million. Two projects were awarded to institutions in the Netherlands. 65 projects were approved in 2009 with a total contribution of EUR 98.5 million. Three projects were awarded to institutions in the Netherlands.
Pooling mechanism (EUR 40 million) for blending EU grants with loans from EU, multilateral and bilateral finance institutions as well as resources from EU member states		
Preparation of the Africa-EU Infrastructure Partnership[315] (EUR 10 million)		
Partnership dialogue facility (EUR 3.5 million)		
Sources: Commission (2009m), (2011r) and (2011v); ACP-EU Energy Facility, List of contracted projects, call for proposals 9th EDF, 31 December 2008, ACP-EU Energy Facility Call for Proposals 2009-2010 Selected Proposals (by Country)		

EU-ACP Water Facility

Following the Commission's Communication on the future development of the EU Water Initiative and the modalities for the establishment of a Water Facility for ACP countries (Commission (2004a)), the Council agreed to the establishment of the first Water Facility in March 2004.[316] Again, the reasons for establishing a separate Facility that operates to a large extent on the basis of calls for proposals rather than including water and sanitation in country or regional programmes are not evident. The Netherlands agreed in principle to the initiative, though it had some questions as regard its fund raising ability, its future funding and the implications of the Facility for future EDF spending.

314 EUR 18.5 million has been set aside under 'contingencies and needed technical assistance' to run the Facility and to 'monitor and evaluate the projects'.

315 Funding was allocated to provide technical assistance and institutional building activities for the African Forum for Utility Regulation and for the West, Central, East and Southern Africa Power Pools.

316 Already during its meeting of May 2003, the Council had indicated its support for a Commission proposal to establish what was then referred to as a EU Water Fund (Council (2003c)).

With the above Council Decision an amount of EUR 500 million was set aside under the 9th EDF. The aim was 'to significantly increase funding to achieve the targets on access to water and sanitation for the poor in ACP countries, and to use development aid as a catalyst to leverage additional financial resources' (Commission (2004a)). This contribution was to support the ACP countries to arrive at 'road maps' to achieve the water and sanitation related MDG in each country (Commission (2005i)).

The Facility was to support development and reform of the relevant sector policies and provide flexible and innovative methods of financing for water supply and sanitation projects and programmes. It was considered as 'part of the response to the objectives and priorities' of the EU Water Initiative that was launched in 2002 (Commission (2006i)). According to the Commission in 2009, '(about) 14.5 million people are expected to directly benefit from access to safe water. Of these, some 3.5 million will also benefit from access to improved sanitation and 10.5 million from hygiene education programmes' (Commission (2009m)).[317]

In terms of funding, a first allocation of EUR 250 million was scraped together from the reserve of the 9th EDF long-term development envelope (EUR 185 million) and the 9th EDF Investment Facility (EUR 41 million) plus EUR 24 million from the intra-ACP allocation. For the remainder, EUR 185 million were to come from the envelope for support for long-term development, EUR 24 million from the envelope for regional cooperation integration and EUR 41 million from the Investment Facility.

The Netherlands, was in principle in favour of this second allocation of EUR 250 million for the Water Facility but wanted additional information on the allocation and use of the first tranche; it also questioned the ability of the ACP countries to absorb EUR 500 million in a short period of time.
EU and ACP countries agreed to continue the Water Facility under the 10th EDF with a total budget of EUR 200 million. Funds were to be allocated on the basis of three calls for proposals (EUR 166 million[318]) and EUR 40 million for a pooling mechanism to co-finance medium-sized water and sanitation infrastructure projects with other donors.

In terms of utilisation of resources, the biggest part of the First Water Facility's budget (EUR 415 million), was channelled to 175 projects selected through two calls for proposals (November 2004 and March 2006). These calls covered the areas of improving water

317 Based on the 'Mid-term Review Analysis of the Water Facility and Energy Facility (Gruppo Soges (2007)), a communication of EuropeAid's Water and Energy Facilities Unit of November 2007 refers to better access to water for close to 20 million people, with 12 million having better access to sanitation and more that 13 million provided with education of health and hygiene. However, these figures are based on the numbers 'declared by the applicants in their proposals' for the first two calls for proposals.

318 EUR 129 million were set aside for 'Water, Sanitation and Hygiene Promotion for the Millennium Development Goals', EUR 23 million for 'Partnerships for Capacity Development in the ACP Water and Sanitation Sector' and EUR 14 million for 'Promotion of the Millennium Development goals: Sanitation in poor peri-urban and urban areas in ACP countries'.

management and governance, water and sanitation infrastructure and civil society initiatives. Grant beneficiaries included non-state actors, national organisations, local authorities, regional organisations and EU and ACP states. In addition, EUR 25 million went to the African Water Facility, EUR 18 million to the Nile Basin Initiative and EUR 8 million to UNICEF for South Sudan. As regards funding under the 10th EDF, by November 2010, 67 projects from the first call for proposals were financed (EUR 129 million plus EUR 12 million from the Spanish Government). The second call for proposals resulted in the approval of 32 projects with a total grant of EUR 23 million in November 2011. At the time of writing of this report, the third call for proposals was on-going. Table 9.4 captures the geographical distribution of the awarded contracts.[319]

Table 9.4 Projects funded under the 2nd Water Facility (2010 and 2011)

	Water, Sanitation and Hygiene Promotion for the MDGs	Partnerships for Capacity Development in the ACP Water and Sanitation Sector
Angola	2	2
Benin	4	1
Botswana		1
Burkina Faso	7	2
Burundi	1	
Cameroun	1	1
Central African Republic	4	
Chad	1	
Congo Brazzaville	1	
Cote d' Ivoire	1	
DRC	4	1
Ethiopia	5	2
Ghana		2
Guinea Bissau	1	
Guyana	1	
Haiti	2	
Kenya	4	2
Malawi	1	
Mali	1	1
Mauritania	2	
Mozambique	1	3

319 Three organisations based in the Netherlands were awarded a contract in the first round and six in the second.

Table 9.4 Projects funded under the 2nd Water Facility (2010 and 2011)		
	Water, Sanitation and Hygiene Promotion for the MDGs	Partnerships for Capacity Development in the ACP Water and Sanitation Sector
Namibia	1	1
Niger	4	
Rwanda	1	2
Senegal		1
Solomon islands	1	
Somalia	2	
St Lucia		1
Suriname		2
Tanzania	3	2
Timor Leste	3	
Togo	4	
Uganda	2	2
Zimbabwe	4	
More than one country		3

EU-Africa Infrastructure Trust Fund

In February 2006, the European Commission and the EIB signed a Memorandum of Understanding to promote the Africa Partnership for Infrastructure and to establish the EU-Africa Infrastructure Trust Fund. The Council welcomed the initiative underlining 'the importance for the Trust Fund to associate all interested Member States' and stressing 'the possibility of joint financing and co-financing infrastructure projects supported by the Trust Fund' (Council (2006q)).[320] The Netherlands expressed itself in favour of the Trust Fund as well; it expected added value from more coordination as regards infrastructure investments, agreed to the coordinating role of the Commission and considered that poverty reduction, economic development and private sector development would benefit from improved infrastructure. It also saw the initiative as a possibility for the Dutch private sector to better position itself in Africa and appreciated the legal set-up: a trust fund with its own mandate that is run at arms-length away from day-to-day European politics. The Netherlands stressed the importance of alignment with existing EU initiatives and those of others (World Bank, African Development Bank and UN), together with the issue of (ecological) sustainability.

[320] In its Conclusions, the Council amongst others emphasized the importance of: (i) establishing sustainability criteria for selection of projects and to ensure application of environmental and social impacts assessment', (ii) special attention for 'good governance, accountability and anti-corruption issues', (iii) 'the importance of capacity building and development of related services, markets and regulatory frameworks to sustain the benefits the investments deliver', (iv) the need for complementarity 'to the Infrastructure Consortium for Africa' and (v) that funding should supplement 'the EU's sectoral approach and support to infrastructure at national and local levels'.

The Fund is considered as an 'innovative financial instrument' blending non-refundable grants from EU donors with long-term loan finance from the EIB and other European financiers.[321] In 2007, the Fund was conceived as the EU's main financial instrument for funding and implementing infrastructure projects in Africa with a regional dimension. It also featured as one of the outcomes under Priority Action 3: Implement the EU-Africa infrastructure partnership of the Joint Africa-EU Strategy of 2007. According to the Commission, it also provided a framework for enhancing coherence between the actions of the Commission and the Member States for channelling their efforts to scale up aid to Africa'. With the aim of boosting EU cross-border investment in African infrastructure and the delivery of transport, energy, water and ICT services, '(the) Partnership contributes to increasing regional trade and fuller integration of African countries into the multilateral trading system by facilitating continental interconnectivity and strengthening regional networks' (Commission (2008a)).

The Commission and nine EU Member States (Austria, Belgium, France, Germany, Greece, Italy, Luxembourg, Netherlands, and Spain) signed the agreement establishing the Trust Fund in April 2007. In October 2007, the Partnership was officially launched and endorsed at the Lisbon Summit of December 2007. The EIB was assigned as Trust Fund manager and, as such, is responsible for financial management, accounting and treasury operations. It receives a management fee for this purpose (EUR 3.1 million in 2009 and EUR 4.8 million in 2010). A Steering Committee was set up to provide policy and strategic orientation while an Executive Committee is the governing body of the Trust Fund. Its members are the donors that have signed a Contribution Certificate of a minimum of EUR 1 million. A Project Financiers Group (PFG) was established as well; members are the EIB and financial institutions or agencies designated by Member States that have pledged a minimum of EUR 1 million.[322]

The Trust Fund operates through projects that are implemented by private and public entities or a mixture thereof. Funding can be provided for:

- financing of interest subsidies,
- technical assistance,
- direct grants for project components that have demonstrable social or environmental benefits or which can mitigate negative environmental or social impacts, and
- insurance premiums, i.e. initial-stage funding of insurance coverage necessary to launch infrastructure projects.

In May 2009, the Council welcomed 'the Commission's intention to reinforce and reshape the EU-Africa Infrastructure Trust Fund' and to allocate EUR 200 million for 2009-2010. This

[321] According to the EIB, '(this) 'blending' acts as a catalyst for investment, mitigating the risks taken by the promoters and financiers and providing an incentive to consider investment in projects with substantial development impact but low financial return that could not otherwise be envisaged' (EIB (2010f)).

[322] These include ADA (Austria), AFD (France), KfW (Germany), Lux-Development (Luxembourg), and COFIDES (Spain), the Greek Ministry of Economy and Finance and Italy's Ministry of Foreign Affairs.

should include support to regional infrastructure including the closing of infrastructure missing links, as well as broadening the terms of reference to cover national infrastructure with a regional dimension (Council (2009a)). The Council again invited the Member States to consider contributing to the Trust Fund. As regard these contributions, over the years, Finland, Portugal and the UK have joined the Agreement of 2006. Contributions to the Trust Fund have increased from EUR 42.5 million by the end of 2007 to EUR 290.2 million by the end of 2010. Biggest contributors are the Commission (72%) and, followed at a distance, the UK (13%); other EU Member States, including the Netherlands, appear to be dragging their feet. The Netherlands did not provide additional funding after its initial payment of EUR 2 million in 2007 (less than 1% of all contributions by the end of 2010).

In the period 2007-2010, 34 projects were approved with a total value of some EUR 205 million (see Annex 4 (Table A.4.10)). In two cases projects concerned direct project funding, in 9 cases interest rate subsidies. The remainder concerned the financing of technical assistance. 18 projects were in the field of energy, 5 in ICT, 8 in transport, 2 in water and one multi-sectoral project. Disbursement totalled some EUR 1.1 million in 2008, EUR 22.4 million in 2009 and EUR 8.4 million in 2010.

According to the EIB, total commitments under the Trust Fund in the period 2007-2010 (EUR 174 million) will be matched by an estimated EUR 1.3 billion from the PFG and EUR 963 million from other sources, indicating a ‘considerable leverage effect’. This leverage effect is confirmed in the mid-term evaluation report (Ernst & Young (2012)). At the same time, little information is available about results with the mid-term evaluation stating that the Fund is ‘at an early stage in terms of physical progress of infrastructure projects, and as such measuring expected outcomes and impacts of projects (and even more so from the (Infrastructure Trust Fund) as a whole) is not possible’ (Ernst & Young (2012)).

Summary of main findings

A considerable share of the EDF budget has been used to finance the Intra ACP instrument: EUR 2.8 billion under the 9th EDF (22%), more than nine times the original budget, and EUR 2.4 billion (12%) under the 10th EDF.

Under the 10th EDF the intra ACP funding was set aside, in full agreement with both EU and ACP Councils of Ministers, for a broad variety of projects and supported actions (e.g. the Fast Track Initiative (basic education) and the Global Fund to fight Aids, Malaria and Tuberculosis). Major funding was furthermore set aside for a series of facilities and the EU Africa Infrastructure Trust Fund. Some of these supported interventions have been evaluated, though definitely not all.

The importance of the security-development nexus that featured in Dutch bilateral development cooperation since 2003, in particular in relation to Africa, is also recognised at European level (e.g. the European Security and Defence Policy of 2003, the Cotonou Agreement and the Joint Africa-EU Strategy). In operational terms, this has translated under the EDF into the establishment of the Africa Peace Facility (2003), an initiative that was welcomed by the Netherlands. Under the regional programmes, regional chapters of the African Peace Facility receive funds as well. Evaluations carried out in 2006 and 2011 are very positive about the Facility, though results in capacity building at the level of the African Union, have been below expectations. The main issue is the future funding of the Facility and the African Union's continued dependence on external aid to finance peace keeping operations on the continent. Other concerns have been (a) the lack of coordination on both the European and African side, (b) the African Union's limited administrative capability and the (c) limited coherence between the Facility and other European instruments, in particular the Instrument for Stability.

In the absence of recent evaluations, little is known of the Water and Energy facilities that were agreed upon in 2004 and 2005. While policies and operational principles of these facilities (rules, regulations, amounts and types of projects supported) are known, agreed upon at Council level and welcomed by the Netherlands, no information is available on what the results and (net) outcomes have been since a mid-term review that was conducted in 2007.

A recent mid-term evaluation of the Africa Infrastructure Trust Fund, established in 2006, managed by the EIB and also financing initiatives in water and energy, came too early to say much on results as well. At the same time, the evaluation shows that the initiative has been successful in terms of its leverage effect, i.e. getting complementary funding from other sources.

Annexes

Annex 1 About IOB

Objectives

The remit of the Policy and Operations Evaluation Department (IOB) is to increase insight into the implementation and effects of Dutch foreign policy. IOB meets the need for the independent evaluation of policy and operations in all the policy fields of the Homogenous Budget for International Cooperation (HGIS). IOB also advises on the planning and implementation of evaluations that are the responsibility of policy departments of the Ministry of Foreign Affairs and embassies of the Kingdom of the Netherlands.

Its evaluations enable the minister of Foreign Affairs and the minister for Development Cooperation to account to parliament for policy and the allocation of resources. In addition, the evaluations aim to derive lessons for the future. To this end, efforts are made to incorporate the findings of evaluations of the Ministry of Foreign Affairs' policy cycle. Evaluation reports are used to provide targeted feedback, with a view to improving the formulation and implementation of policy. Insight into the outcomes of implemented policies allows policymakers to devise measures that are more effective and focused.

Organisation and quality assurance

IOB has a staff of experienced evaluators and its own budget. When carrying out evaluations it calls on assistance from external experts with specialised knowledge of the topic under investigation. To monitor the quality of its evaluations IOB sets up a reference group for each evaluation, which includes not only external experts but also interested parties from within the ministry and other stakeholders. In addition, an Advisory Panel of four independent experts provides feedback and advice on the usefulness and use made of evaluations. The panel's reports are made publicly available and also address topics requested by the ministry or selected by the panel.

Programming of evaluations

IOB consults with the policy departments to draw up a ministry-wide evaluation programme. This rolling multi-annual programme is adjusted annually and included in the Explanatory Memorandum to the ministry's budget. IOB bears final responsibility for the programming of evaluations in development cooperation and advises on the programming of foreign policy evaluations. The themes for evaluation are arrived at in response to requests from parliament and from the ministry, or are selected because they are issues of societal concern. IOB actively coordinates its evaluation programming with that of other donors and development organisations.

Approach and methodology

Initially IOB's activities took the form of separate project evaluations for the minister for Development Cooperation. Since 1985, evaluations have become more comprehensive, covering sectors, themes and countries. Moreover, since then, IOB's reports have been submitted to parliament, thus entering the public domain. The review of foreign policy and a reorganisation of the Ministry of Foreign Affairs in 1996 resulted in IOB's remit being extended to cover the entire foreign policy of the Dutch government. In recent years it has extended its partnerships with similar departments in other countries, for instance through joint evaluations and evaluative activities undertaken under the auspices of the OECD-DAC Network on Development Evaluation.

IOB has continuously expanded its methodological repertoire. More emphasis is now given to robust impact evaluations implemented through an approach in which both quantitative and qualitative methods are applied. IOB also undertakes policy reviews as a type of evaluation. Finally, it conducts systematic reviews of available evaluative and research material relating to priority policy areas.

Annex 2: Shortened Terms of Reference

Introduction

The *overall purpose* of the policy evaluation is to account for Netherlands funding and other inputs provided for EU development cooperation in the period 2000-2010 and, based on its findings, gain lessons for future policy development and implementation. It focuses on the European Development Fund (EDF), as the main source of EU funding for countries that have been important partners in Dutch bilateral aid, especially in Africa. The specific objectives of the evaluation are:

- To describe EU development cooperation policies and policy cycle, both in general and more specifically concerning the EDF.
- To describe and analyse the contribution of the Dutch government to those policies and policy processes.
- To illustrate and analyse the effectiveness and efficiency of these policies and processes under the EDF and the Dutch contribution thereto.

Scope

The *descriptive phase* of this policy evaluation will concern EU development cooperation policies in general and those specifically related to the EDF as reflected in the Cotonou Partnership Agreement of 2000. It will also concern EU policies related to other aspects of the relationships between EU and developing countries. The *analysis* of policy *implementation* and of *(net) outcomes* will focus on the EDF at country level. Where relevant, attention will be paid to the positive or negative influence that the implementation of other EU policies may have had on the results and (net) outcomes obtained. The evaluation will not deal with the use of EDF funds in the overseas territories of EU Member States. The evaluation deals solely with the development cooperation policies and instruments that are managed by the European Commission.

The evaluation concerns the period 2000-2010 for the following reasons: (a) the year 2000 marked an important moment for change in EU development cooperation with the creation of EuropeAid, the adoption of the Commission's development policy statement and the signing of the Cotonou agreement; (b) the length of the period allows the evaluation to capture important developments in EU development policies and operations and the evolution of the Cotonou Agreement and to assess (net) EDF outcomes. Moreover, the choice for a period covering two EU budget periods (i.e. 2000-2006 and 2007-2013) will ensure that sufficient evidence is available from existing evaluation material.

The analysis of effectiveness and efficiency as well as (net) outcomes will examine the implementation of the EDF in a selection of ACP countries, i.e. Burkina Faso, Ethiopia, Rwanda and Uganda. These countries were purposefully selected, based on the following considerations: (a) the availability of substantive, (relatively) recent country programme evaluations. In addition, the four countries were also covered by other evaluations (by sector/theme/instrument and/or channel); (b) to all four countries, both EDF and Dutch bilateral aid have been provided in a substantive manner, including general budget support.

Approach
The prescribed components for a policy evaluation are:
- Description and analysis of the problem that led to the policy
- Description and motivation of the role of the government in this area
- Description of the policy objectives
- Description of the employed instruments and analysis of the outcomes thereof
- Description of budgets and expenditures.

Description and analysis of the problem that informed the policy measure
The policy evaluation will analyse the raison d'être for and purpose of developing and implementing development cooperation policies at the EU level, and whether these are still valid.

Description and motivation of the role of the Dutch government
The evaluation will describe the roles of the different Dutch institutions in EU and EDF development cooperation policy making, with a focus on the Ministry of Foreign Affairs. It will analyse how the Netherlands has motivated the importance of this cooperation.

Description of the policy objectives

The policy evaluation will analyse what the Dutch priorities and objectives have been vis-à-vis EU aid in general and the EDF in particular. It will also analyse the extent to which Dutch bilateral aid policies have been congruent with those pursued by the Commission. The evaluation will also include a description and analysis of the EU aid policies that were put into place in the period 2000-2010. It will examine whether the Member States, focusing on the Netherlands, have played a role in their design, and if so, which. The evaluation will also deal with the strategies and instruments that the Netherlands has used to contribute to the design of EU and EDF development cooperation policies and the challenges it has faced in this respect. It will also identify whether there have been specific cases where the Netherlands have made a specific effort to influence EU aid policies and (country) strategies and the use of specific aid modalities and the question whether EU expansion and EU institutional change have impact on its ability to exert influence.

Description of the employed instruments and analysis of the outcomes thereof
Under this heading the policy evaluation will first of all provide information on the different approaches (i.e. project approach, the sector approach, and the macro or global approach), financing modalities (EU procurement and grant award procedures, common pool funds, and budget support) and channels that have been used to implement the EDF and the rationale for the choices made in this respect. It will analyse what activities were undertaken and whether efficient has been use made of the funding available. Attention will also be paid to the arrangements for monitoring and evaluation and quality assurance and the results thereof. Focusing on the above-mentioned countries, the evaluation will provide information on the main results and (net) outcomes of EU aid interventions in key sectors and how these are assessed in the light of Dutch aid priorities. The evaluation will also deal with the question to what extent it can be established whether EU policies in other areas than aid (i.e. trade, agriculture, security, human rights and migration) and regional EU

initiatives have influenced the results and outcomes as observed at country level. It will also deal with initiatives taken at country level, as well as Member State responsiveness to these initiatives, to ensure coherence and complementarity between EU, EU Member States, and national Government. Particular attention will be paid to the issues of (a) use of sector and general budget support, (b) division of work and (c) ownership and (d) whether approaches and measures in these areas have affected the results accomplished under the EDF.

Description of budgets and expenditures
Under this heading, information on the resources made available to the Commission to implement its development policy cooperation policies, will be collected and analysed, focusing on the EDF. More specifically, for the period 2000-2010 this will concern: (a) data on the EDF budget and disbursements by country and region, sector, instrument, financing modality and channel, (b) information on how this budget is generated and (c) data on the Dutch financial contribution to the EDF.

Primary data sources to address the above elements will be the following. For the general description and analysis of EU development cooperation and EDF policies and operations: (a) Commission communications and policy documents, Council conclusions and regulations, opinions issued by the European Parliament, the European Council, and audits and special reports of the European Court of Auditors; and (b) academic and 'grey literature'. For the Netherlands policies and priorities: documents of Ministries and Parliamentary resources as well as academic and 'grey literature'. For the analysis of results and (net) outcomes: (a) key documents issued by the Commission (strategy papers, indicative programmes, project fiches); (b) reports on external (results-based) monitoring and (impact) evaluation, including evaluation reports issued by the Commission; (c) information on Dutch bilateral programmes and their results (including e.g. Multi-annual strategic plans, annual reports, and evaluation reports); (d) academic literature and 'grey literature; and (e) independent reviews and (impact) evaluations of other development partners. Interviews with representative from the above key actors will supplement these written sources of information. Short visits will be undertaken to Burkina Faso, Ethiopia, Rwanda and Uganda to (a) obtain and review any other relevant evaluation and background materials and (b) to conduct interviews with representatives of EU Delegations, national authorities, the Netherlands embassy, other EU Member States and other stakeholders.

Organisation
The evaluation is the responsibility of the Policy and Operations Evaluation Department of the Dutch Ministry of Foreign Affairs (IOB). An experienced, independent evaluation team will be recruited through an international contracting procedure to support it. A reference group will be established which will be chaired by the Deputy Director of IOB and include staff members of the Ministry of Foreign Affairs, a representative of the European Commission and two independent experts. The reference group will review the draft final report of the policy evaluation, and/or parts thereof, in terms of quality, credibility, clarity and consistency by means written and/or verbal comments. As part of IOB's internal quality control procedures, two other IOB evaluators will comment and advise on (draft) terms of reference and reports.

Annex 3 Respondents

Netherlands and Netherlands institutions and organisations

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Annex 4 EDF Data

Table A.4.1	Contributions of Member States to the EDF, 2002-2010 (EUR mln)									
	2002		2003		2004		2005		2006	
	Contributions called up in 2002	Contributions received in 2002	Called upon in 2003	Received in 2003	Called upon in 2004	Received in 2004	Called upon in 2005	Received in 2005	Called upon in 2006	Received in 2006
Austria	53	53	56	56	59	59	62	62	67	67
Belgium	78	78	83	83	87	87	91	91	98	98
Denmark	43	43	45	45	47	47	50	50	54	54
Finland	30	30	31	31	33	33	34	34	37	37
France	486	486	515	434	538	577	566	595	610	610
Germany	467	467	495	495	517	517	544	544	586	586
Greece	25	25	27	27	28	28	29	29	31	31
Ireland	12	12	13	13	14	14	14	14	16	16
Italy	251	251	266	266	278	278	292	292	315	315
Luxemburg	6	6	6	6	6	6	7	7	7	7
Netherlands	104	104	111	111	116	116	122	122	131	131
Portugal	19	19	21	16	21	26	23	23	24	24
Spain	117	117	124	124	129	129	136	136	147	147
Sweden	55	55	58	47	60	71	64	64	69	69
UK	254	254	269	269	281	461	296	296	319	319
EIB 8th EDF					100	100	20	20		
EIB 9th EDF			0	0	105	105				
Total	**2,000**	**2,000**	**2,120**	**2,024**	**2,420**	**2,654**	**2,350**	**2,379**	**2,510**	**2,510**

Sources: Commission (2004h), (2006o), (2007l), (2008g), (2009k), (2010p) and (2011f).

2007				2008		2009		2010		
Called upon in 2007 (8th EDF)	Called upon in 2007 (9th EDF)	Voluntary constribution 2007	Received in 2007	Called upon in 2008	Received in 2008	Called up in 2009	Received in 2009	Called up in 2010	Contributions called up 2002-2010	Contributions received 2002-2009
41	29		70	78	78	87	87	93	624	531
60	43	1	105	116	116	129	129	137	923	788
33	23		57	64	64	71	71	75	505	430
23	16		39	44	44	49	49	52	349	297
375	266	10	652	719	719	802	802	851	5,729	4,875
361	255	25	642	692	692	771	771	818	5,508	4,715
19	14	1	34	37	37	41	41	44	294	251
10	6	2	18	19	19	20	20	22	146	127
194	137		331	371	365	414	414	439	2,957	2,512
4	3	0	8	8	8	10	10	10	68	59
80	57		138	154	154	172	172	183	1,230	1,047
15	10		26	29	29	32	28	34	229	191
90	64		154	173	173	193	193	204	1,377	1,173
42	30		72	80	80	90	90	96	643	547
197	138		335	376	376	419	419	444	2,992	2,729
			0						120	120
				40	46				145	151
1,545	**1,095**	**39**	**2,679**	**3,000**	**3,000**	**3,300**	**3,296**	**3,502**	**23,842**	**20,543**

Table A.4.2	ACP country level statistics 8th-10th EDF (end 2011)								
	Decisions			Assigned funds			Payments		
	Lome	Coto-nou	Total	Lome	Coto-nou	Total	Lome	Coto-nou	Total
Angola	124	236	360	116	174	290	109	132	241
Benin	172	620	792	172	529	701	172	435	607
Botswana	33	175	209	33	165	198	33	127	159
Burkina Faso	288	1,001	1,289	286	880	1,165	283	667	950
Burundi	133	458	591	132	385	518	129	338	468
Cameroon	234	414	648	233	321	554	232	207	440
Cape Verde	57	94	151	56	89	144	55	76	131
Central African Republic	85	265	350	84	174	258	84	140	224
Chad	217	475	692	215	297	511	212	227	439
Comoros	16	77	94	16	54	70	16	40	56
Congo (Brazzaville)	30	169	200	29	136	165	27	127	154
Djibouti	27	59	87	27	44	71	27	27	53
DRC	107	1,145	1,252	103	802	904	101	674	776
Equatorial Guinea	4	9	13	4	9	13	4	6	10
Eritrea	18	144	162	18	94	112	18	81	99
Ethiopia	367	1,093	1,460	363	932	1,295	339	819	1,158
Gabon	77	104	182	77	68	145	77	52	129
Gambia	33	105	139	32	85	117	32	65	97
Ghana	219	690	909	219	634	853	219	441	660
Guinea Bissau	47	151	198	47	129	176	46	109	156
Guinea (Conakry)	167	155	322	153	128	281	143	111	255
Ivory Coast	160	461	621	158	277	435	156	228	384
Kenya	199	582	781	191	363	553	188	252	440
Lesotho	67	260	326	65	150	215	65	132	197
Liberia	25	269	294	25	250	275	24	181	205
Madagascar	274	477	752	274	449	723	274	437	712
Malawi	267	639	906	264	522	787	262	402	665
Mali	323	923	1,246	321	836	1,157	321	602	923
Mauritania	135	274	409	134	183	316	134	151	284
Mauritius	55	130	185	55	113	169	41	109	150
Mozambique	410	1,096	1,505	408	1,043	1,450	405	754	1,158
Namibia	72	174	246	72	160	232	72	106	177
Niger	153	780	933	151	638	789	151	480	632
Nigeria	125	1,042	1,166	114	443	558	105	387	492
Rwanda	178	502	680	178	481	659	178	360	538
Sao Tome & Principe	12	32	45	12	18	30	12	16	28

Table A.4.2	ACP country level statistics 8th-10th EDF (end 2011)								
	Decisions			Assigned funds			Payments		
	Lome	Coto-nou	Total	Lome	Coto-nou	Total	Lome	Coto-nou	Total
Senegal	240	559	798	238	488	725	237	371	608
Seychelles	7	23	30	7	22	29	7	18	25
Sierra Leone	124	424	548	121	346	467	119	299	419
Somalia	50	405	455	49	295	344	48	241	289
Sudan	219	343	563	219	203	422	231	187	418
Swaziland	70	96	166	63	58	121	55	42	98
Tanzania	477	866	1,343	477	797	1,273	467	585	1,052
Togo	28	135	164	27	113	140	26	95	121
Uganda	427	687	1,114	424	637	1,061	424	421	845
Zambia	421	830	1,251	421	751	1,172	420	508	928
Zimbabwe	105	115	220	105	98	204	106	81	187
Total Africa	**7,079**	**19,765**	**26,844**	**6,986**	**15,863**	**22,849**	**6,886**	**12,347**	**19,233**
Antigua and Barbuda	1	19	19	1	18	19	1	16	17
Bahamas	2	7	9	2	6	8	2	4	6
Barbados	7	13	20	7	13	19	6	11	17
Belize	19	21	40	19	11	31	18	9	27
Dominica	38	21	59	38	20	59	38	20	58
Dominican Republic	135	282	417	134	261	396	126	202	328
Grenada	3	37	40	3	36	40	3	34	34
Guyana	60	65	125	59	62	120	56	48	48
Haiti	79	715	794	79	445	523	78	388	466
Jamaica	222	221	443	222	192	414	208	154	362
Saint Kitts and Nevis	7	11	18	7	5	12	7	5	11
Saint Lucia	50	34	84	50	24	74	44	13	57
Saint Vincent and Grenadines	34	26	60	34	19	53	34	11	46
Suriname	20	66	87	20	64	83	19	47	66
Trinidad and Tobago	20	50	70	20	47	67	15	35	51
Total Caribbean	**699**	**1,587**	**2,285**	**695**	**1,223**	**1,918**	**657**	**996**	**1,654**
Cook Islands	0	5	5	0	4	4	0	4	4
East Timor	0	72	72	0	51	51	0	18	18
Fiji	20	26	46	20	24	44	20	23	43
Kiribati	10	20	31	10	16	26	10	12	22
Marshall Islands	0	10	10	0	9	9	0	5	5
Micronesia	0	14	14	0	13	13	0	7	7
Nauru	0	5	5	0	3	3	0	2	2
NIue	0	5	5	0	5	5	0	4	4

Table A.4.2	ACP country level statistics 8th-10th EDF (end 2011)								
	Decisions			Assigned funds			Payments		
	Lome	Coto-nou	Total	Lome	Coto-nou	Total	Lome	Coto-nou	Total
Palau	0	5	5	0	5	5	0	3	3
Papua New Guinea	58	186	244	55	143	198	54	114	168
Solomon Islands	91	50	141	91	38	129	91	29	119
Tonga	6	14	20	5	14	19	5	12	18
Tuvalu	3	11	14	3	10	12	2	8	10
Vanuatu	16	34	50	16	26	42	16	23	38
Wester Samoa	19	56	75	19	53	72	19	45	64
Total Pacific	**223**	**513**	**736**	**219**	**414**	**633**	**217**	**307**	**524**
Caribbean region	62	273	335	60	168	228	54	140	194
Central Africa region	77	79	156	77	72	149	77	60	137
Central Africa region		130	130		25	25	0	7	7
East Africa region	164		164	162		162	159	0	159
Eastern, Southern Africa and Indian Ocean		532	532		443	443	0	310	310
Indian Ocean region	11		11	11		11	11		11
Intra ACP allocations	724	2,162	2,886	697	1,450	2,147	669	853	1,522
Multi-regional PALOP	11	33	44	10	28	39	10	16	27
Pacific region	33	94	127	33	90	123	33	52	84
Regional cooperation ACP	75	3,028	3,103	60	2,921	2,981	52	2,410	2,462
Southern Africa region	58		58	57		57	57		57
Southern Africa region		166			129			94	
West Africa region	231	313	545	228	274	502	224	165	389
Total regional cooperation ACP	**1,445**	**6,811**	**8,256**	**1,396**	**5,601**	**6,997**	**1,346**	**4,106**	**5,452**
Administrative and financial expenditure	36	892	927	36	721	757	35	693	729
All ACP countries	1,177	169	1,346	1,172	159	1,331	1,172	154	1,326
Total ACP	**10,658**	**29,736**	**40,394**	**10,503**	**23,981**	**34,484**	**10,313**	**18,603**	**28,917**
Total OCT	**51**	**382**	**433**	**49**	**300**	**349**	**49**	**241**	**291**
Total ACP + OCT	**10,709**	**30,118**	**40,827**	**10,552**	**24,281**	**34,833**	**10,363**	**18,845**	**29,207**

LDC

Other low income (per capita GNI < $935 in 2007)

Lower middle income (per capita GNI $936-$3 705 in 2007)

Upper middle income (or not classified) (per capita GNI $ 3706-11455 in 2007)

Source: Commission (2012b)

Table A.4.3 Details of EDF sectoral commitments (2003-2011) and disbursements (2009-2011) (EUR mln)

	Commitments											Disbursements				
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**	**%**	**2009**	**2010**	**2011**	**Total**	**%**
Social infrastructure and services																
Education	*181*	*84*	*239*	*214*	*87*	*40*	*221*	*182*	*103*	*1,351*	*4.1%*	*116*	*223*	*130*	*469*	*4.3%*
Education level unspecified	95	25	71	69	30	40	61	96	26	514	1.5%	57	119	61	237	2.2%
Basic education	62	12	143	109	7		130		41	504	1.5%	37	80	39	156	1.4%
Secondary education	6	22	8	7	19		7		25	93	0.3%	10	9	13	32	0.3%
Post-secondary education	18	26	17	29	31		23	86	11	240	0.7%	12	15	17	44	0.4%
Health	*287*	*102*	*186*	*192*	*154*	*200*	*75*	*405*	*156*	*1,757*	*5.3%*	*318*	*102*	*221*	*641*	*5.9%*
Health, general	75	28	51	15	21		20	17	76	303	0.9%	29	20	33	82	0.8%
Basic health	212	74	135	177	133	200	55	388	80	1,454	4.4%	289	82	188	559	5.1%
Population policies/programmes and reproductive health	3	163	28	27	54	43	14	22	40	395	1.2%	27	36	38	101	0.9%
Water supply and sanitation	259	192	366	378	319	25	211	209	194	2,153	6.5%	245	258	213	716	6.6%
Government and civil society	280	495	513	513	600	410	473	364	540	4,187	12.6%	400	468	390	1,258	11.6%
Other social infrastructure and services	335	79	39	47	213	162	56	37	164	1,132	3.4%	88	76	82	246	2.3%
Employment		14								14	0.0%					
Sub-total	**1,346**	**1,115**	**1,371**	**1,371**	**1,427**	**880**	**1,050**	**1,219**	**1,197**	**10,976**	**33.0%**	**1,194**	**1,163**	**1,074**	**3,431**	**31.6%**
Economic infrastructure and services																
Transport and storage	706	21	817	803	545	1,133	776	390	476	5,667	17.0%	487	554	584	1,625	14.9%
Communications	11	25	0	0	32	0	13			82	0.2%	20	9	11	40	0.4%
Energy generation and supply	34	0	11	130	138	1	34	86	61	496	1.5%	38	59	74	171	1.6%
Banking and financial services	98	0	3	0	13	10	15			139	0.4%	7	5	20	32	0.3%

Table A.4.3 **Details of EDF sectoral commitments (2003-2011) and disbursements (2009-2011) (EUR mln)**

	Commitments											Disbursements				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	%	2009	2010	2011	Total	%
Business and other services	68	28	57	0	23	23	32	70	23	324	1.0%	17	46	51	114	1.0%
Sub-total	**918**	**75**	**888**	**933**	**751**	**1,167**	**870**	**546**	**560**	**6,708**	**20.1%**	**569**	**673**	**740**	**1,982**	**18.2%**
Production sector																
Agriculture, forestry and fishing	*133*	*123*	*89*	*202*	*282*	*200*	*316*	*342*	*340*	*2,027*	*6.1%*	*315*	*257*	*242*	*814*	*7.5%*
Agriculture	106	111	83	189	235	176	268	342	299	1,809	5.4%	293	223	196	712	6.5%
Forestry	2	9	3	8	10	24	10		36	102	0.3%	13	10	18	41	0.4%
Fishing	25	3	3	5	37		38		5	116	0.3%	9	24	28	61	0.6%
Industry, mining and construction	53	66	56	26	80	*4*	*41*	8	52	*387*	*1.2%*	*104*	*81*	*64*	*249*	*2.3%*
Industry	12	34	41	26	80	4	36	8	52	292	0.9%	74	58	51	183	1.7%
Minieral resources and mining	42	33	15				5			94	0.3%	29	21	12	62	0.6%
Construction	0	0								0		1	2	1	4	0.0%
Trade and tourism	59	*37*	*70*	*208*	152	*26*	168	85	*247*	*1,052*	*3.2%*	105	127	*112*	*344*	*3.2%*
Trade; Trade policy and regulation	53	37	67	197	137	26	168	85	247	1,017	3.1%	103	116	105	324	3.0%
Tourism	7		3	11	15					36	0.1%	2	11	7	20	0.2%
Sub-total	**246**	**227**	**215**	**436**	**514**	**230**	**525**	**435**	**639**	**3,467**	**10.4%**	**524**	**465**	**418**	**1,407**	**12.9%**
Multi-sector/cross cutting																
General environmental protection	25	9	93	53	55	54	80	147	89	605	1.8%	53	65	69	187	1.7%
Women in development		0	0	2						2	0.0%					
Other multi-sector	66	177	110	249	279	50	379	140	393	1,843	5.5%	164	221	138	523	4.8%
Sub-total	91	186	203	304	334	104	459	287	482	2,450	7.4%	217	286	207	710	6.5%

Table A.4.3 Details of EDF sectoral commitments (2003-2011) and disbursements (2009-2011) (EUR mln)

	Commitments											Disbursements				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	%	2009	2010	2011	Total	%
Commodity aid and general programme assistance																
Development food aid/food security assistance	72	99	230	169	46	85	96	63	2	862	2.6%	145	182	107	434	4.0%
Other general programme and commodity assistance	647	475	0	0						1,122	3.4%					
General budget support			750	207	486	2,137	869	453	205	5,107	15.3%	733	898	565	2,196	20.2%
Sub-total	**719**	**573**	**980**	**376**	**532**	**2,222**	**965**	**516**	**207**	**7,090**	**21.3%**	**878**	**1,080**	**672**	**2,630**	**24.2%**
Action related to debt	566	5	0	0	23	65	13	2		674	2.0%	110	114	13	237	2.2%
Emergency and distress relief																
Emergency food aid	33	30	37	38						138	0.4%					
Emergency response					104		61	50	61	276	0.8%	38	58	45	141	1.3%
Other emergency and distress relief	15	43	54	148						261	0.8%					
Reconstruction relief; Reconstruction, relief and rehabilitation			107	76	110		34	11	38	376	1.1%	47	46	24	117	1.1%
Disaster prevention and preparedness					48			60	1	109	0.3%	19	5	36	60	0.6%
Sub-total	**48**	**73**	**198**	**262**	**262**	**0**	**95**	**121**	**100**	**1,159**	**3.5%**	**104**	**109**	**105**	**318**	**2.9%**
Other/unallocated/unspecified																
Administrative costs of donors	142	7	18	95	51	236	14		203	767	2.3%	16	6	80	102	0.9%
Support to non-governmental organisations	2	0	0	0	0					2	0.0%	4			4	0.0%
Unallocated/unspecified	0	2	0	8	0			1		11	0.0%	12	17	22	51	0.5%
Sub-total	**145**	**9**	**18**	**103**	**51**	**236**	**14**	**1**	**203**	**780**	**2.3%**	**32**	**23**	**102**	**157**	**1.4%**
Total	**4,079**	**2,262**	**3,873**	**3,785**	**3,894**	**4,904**	**3,991**	**3,127**	**3,388**	**33,303**		**3,628**	**3,913**	**3,331**	**10,872**	

Table A.4.4	EDF general budget support commitments per country, 2002-2010 (in EUR mln)[323]									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Benin		55			18	18	51	26	13	181
Burkina Faso	125			152		21	320	5	23	646
Burundi	23		44	8		31	48	21	14	188
Cape Verde			6	13		3	16		9	47
Central African Republic	4				4	14	17	12	13	64
Chad		50								50
Comoros						0		7		7
Cote d'Ivoire	40					0				40
Congo Republic				31						31
DRC	6	106						23	50	184
Ethiopia	44		95			0				139
Ghana		5	62			49	175	41	9	341
Guinea Bissau				6		12	18	15		51
Kenya			125							125
Lesotho							26		21	47
Liberia						4		20	13	36
Madagascar	70		35	55		31	90			281
Malawi				42	34	0	90	34	19	218
Mali		133			21	3	148	8		312
Mauritania						1				1
Mauritius						9		45		54
Mozambique	168	16		95		43	303	12	12	649
Niger	20	90		70			93			273
Rwanda		55		36		18	175	9		294
Senegal			53			0	75		12	140
Seychelles								17		17
Sierra Leone				50		12	46	18	10	137
Sudan						2				2
Tanzania		114		57		30		320		521
Togo							18	15	12	45
Uganda				92		0	175			267
Zambia		117			62		225	30		434
Total ACP Africa	***500***	***741***	***419***	***705***	***140***	***300***	***2.109***	***679***	***230***	***5.821***

323 Adapted from: Commission (2007e), (2008t) (2009t), (2010aa), and (2011ac).

Table A.4.4	EDF general budget support commitments per country, 2002-2010 (in EUR mln)[323]									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Antigua and Barbuda									9	9
Dominica									5	5
Dominican Republic					38	11			61	110
Grenada						10		5	4	19
Guyana			23			18				42
Haiti					10	26	27	8	21	92
Jamaica	30		25			3	40	2	17	116
St Lucia						1				1
Total ACP Caribbean	***30***		***48***		***48***	***68***	***67***	***15***	***117***	***393***
Solomon islands						0			15	15
Tonga						0			6	6
Tuvalu									2	2
Vanuatu			2			3				5
Total ACP Pacific			***2***			***3***			***22***	***27***
Total ACP	**530**	**741**	**469**	**705**	**188**	**371**	**2.176**	**694**	**369**	**6.242**
% of total EDF commitments	**25**	**20**	**18**	**20**	**6**	**11.3**				

Table A.4.5	EDF general budget support disbursements by country, 2002-2010 (EUR mln)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Benin	6	3	18	11	9	25	26	44	26	168
Burkina Faso	25	31	38	41	45	51	53	69	78	431
Burundi	8	0	0	32	10	17	13	36	29	145
Cameroon	0	9	0	10	0	0	0	0	0	19
Cape Verde	2	9	6	5	0	3	2	7	14	48
Central African Republic	0	1	12	1	4	10	4	17	18	66
Chad	23	0	1	21	1	1	0	0	0	46
Comoros	1	1	1	0	0	0	0	7	0	10
Congo Republic	0	0	0	0	30	0	0	0	0	31
DRC	0	0	0	0	0	0	0	0	84	84
Cote d'Ivoire	5	0	0	0	28	0	0	0	0	33
Djibouti	0	5	0	0	0	0	0	0	0	5
Ethiopia	51	11	46	19	0	0	0	0	0	126
Gabon	0	0	0	4	0	0	0	0	0	4
Gambia	4	0	0	0	0	0	0	0	0	4
Ghana	22	42	28	24	20	18	20	34	42	250
Guinea-Bissau	0	0	0	0	6	6	6	21	0	40
Kenya	0	0	0	50	0	41	2	1	0	94
Lesotho	6	3	6	0	0	0	0	0	35	50
Liberia	1	0	0	0	0	0	3	0	7	11
Madagascar	35	35	21	21	34	24	23	0	0	194
Malawi	0	0	16	15	27	13	33	12	112	227
Mali	15	36	30	40	29	18	14	27	19	229
Mauritania	6	6	5	0	0	15	0	0	0	31
Mauritius	0	0	0	0	0	0	52	64	48	164
Mozambique	70	41	54	46	42	45	47	59	65	470
Niger	16	24	27	29	22	15	21	1	6	163
Rwanda	28	25	13	21	18	18	17	45	30	216
Sao Tome & Principe	0	1	0	0	0	0	0	0	0	1
Senegal	0	0	25	10	5	13	9	29	1	93
Seychelles	0	0	0	0	0	0	0	8	3	11
Sierra Leone	0	0	18	18	11	14	6	29	21	116
Sudan	0	24	0	50	100	0	0	0	0	174
Tanzania	34	69	34	33	50	14	34	45	83	395

Table A.4.5	EDF general budget support disbursements by country, 2002-2010 (EUR mln)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Togo	0	0	0	0	0	0	4	8	28	39
Uganda	25	25	25	15	43	1	31	31	24	219
Zambia	69	29	51	29	36	28	27	64	40	374
Total ACP Africa	***451***	***432***	***474***	***544***	***571***	***391***	***448***	***658***	***813***	***4,781***
Antigua and Barbuda	0	0	0	0	0	0	0	0	9	9
Dominica	2	0	0	0	5	0	5	0	9	20
Dominican Republic	0	0	0	0	0	20	2	19	25	66
Grenada	0	0	0	0	0	0	4	7	7	19
Haiti	0	0	3	0	10	15	5	15	58	105
Jamaica	7	1	41	1	14	1	8	28	31	131
St. Kitts-Nevis	0	0	0	0	0	0	6	0	4	10
Total ACP Caribbean	***9***	***1***	***44***	***1***	***29***	***37***	***29***	***68***	***143***	***359***
Papua New Guinea	5	0	0	0	0	0	0	0	0	5
Solomon Islands	0	0	0	16	14	0	0	0	15	45
Vanuatu	1	0	0	1	1	0	1	1	0	4
Total ACP Pacific	***6***	***0***	***0***	***17***	***15***	***0***	***1***	***1***	***15***	***54***
Total ACP	**466**	**433**	**517**	**562**	**615**	**428**	**478**	**727**	**970**	**5,195**

Table A.4.6	EDF Sector budget support by country, commitments in the period 2003-2010 (EUR mln)								
	2003	2004	2005	2006	2007	2008	2009	2010	Total
Benin	65				12	65	25		167
Botswana			50		1		60	11	122
Burkina Faso			15	2	10		50		77
Cape Verde							12		12
Ethiopia				155	157	200			512
Ghana							8		8
Guinea Bissau				6					6
Lesotho								32	32
Malawi								70	70
Mali			72		15		105		192
Mauritius	30			10					40
Mozambique				35	15	30		23	102
Namibia	21				11			60	92
Niger			21			15	7		43
Rwanda							32	20	52
Tanzania				44			70		114
Uganda		18				10			28
Zambia		70	13	30	6	112			231
Total Africa ACP	***116***	***88***	***171***	***282***	***227***	***432***	***368***	***215***	***1,899***
Anguila				8	4				12
Barbados		11							11
Dominican Republic			4	48				38	90
Grenada				7					7
Jamaica					12	33			45
St Vincent & Grenadines	7								7
Trinidad and Tobago				27				16	44
Total Caribbean ACP	***7***	***11***	***4***	***90***	***16***	***33***	***0***	***55***	***215***
Samo							15	7	22
Tonga	3								3
Total Pacific ACP	***3***	***0***	***0***	***0***	***0***	***0***	***15***	***7***	***25***
Total ACP	**125**	**98**	**175**	**372**	**244**	**465**	**384**	**277**	**2,139**

Table A.4.7 Details on regional programmes and strategies (budgets in EUR mln)

	Region of Eastern and Southern Africa and the Indian Ocean		Southern African Development Community		Central Africa	
RSP and RIP	Regional strategy paper and regional indicative programme for the period 2002-2007	Regional strategy paper and regional indicative programme for the period 2008-2013	Regional strategy paper and regional indicative programme for the period 2002-2007	Regional strategy paper and regional indicative programme for the period 2008-2013	Document de la stratégie régionale et Programme indicatif régional pour la période 2002-2007	Document de la stratégie régionale et Programme indicatif régio-nal pour la période 2008-2013
Date	November 2002	November 2008	November 2002	November 2008	January 2003	September 2009
Organisation(s)	COMESA, EAC, IOC and IGAD		SADC		CEMAC, CEEAC	
Countries	*Angola*, Burundi, Comoros, Djibouti, DRC, Eritrea, Ethiopia, Kenya, Madagascar, *Malawi*, *Mauritius*, *Namibia*, Rwanda, Seychelles, Somalia, Sudan, *Swaziland*, *Tanzania*, *Uganda*, *Zambia*, *Zimbabwe*		*Angola*, Botswana, *DRC*, Lesotho, Malawi, Mauritius, Mozambique, *Namibia*, *Seychelles*, *Swaziland*, *Tanzania*, *Zambia*, *Zimbabwe*		Cameroun, Central African Republic, Chad, Congo, *DRC*, Equatorial Guinea, Gabon, Sao Tome e Principe.	
Original budget	223	645	101	116	55	165
Revised budget			161.7		59.46	
Focal sectors						
Economic integration and trade[324]	45-55%	85%	49%	80%	27%	57%
Natural resource management[325]	15-25%				35%	30%
Transport and communications[326]	15-25%		25%		21%	
Regional political integration[327]	10%			15%		10%

324 Including e.g. trade policy and negotiation capacity building, regional customs and trade, EPA related support, support for tax policy reform, and reform of finance and banking sectors, human resource development and building up of regional institutions.

325 E.g. support for protection of marine and coastal resources (monitoring control surveillance pelagic resource; tuna tagging programme), environmental education monitoring and capacity building.

326 Including support for regional transport and communications policy and regulatory framework, investments in infrastructure (construction and rehabilitation), and development of transport and communication infrastructure master plan

327 In particular support for the regional pillars of the pan- African architecture of conflict prevention, peace and security, capacity building of regional organisations, capacity development for conflict prevention and management of post-conflict situations and disaster management.

West Africa		Caribbean		Pacific	
Document de stratégie régionale et Programme indicatif régional pour la période 2003-2007	Document de stratégie régionale et Programme indicatif régional 2008-2013	Regional strategy paper and regional indicative programme 2002-2007	Regional strategy paper and regional indicative programme 2008-2013	Regional strategy paper and regional indicative programme 2002-2007	Regional strategy paper and regional indicative programme 2008-2013
February 2003	November 2008	May 2003	November 2008	October 2002	November 2008
CEDEAO, UEMOA		CARIFORM		Pacific Island Forum Secretariat	
Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea-Conakry, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Togo		Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago.		Cook islands, Federal States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Marshall Islands, Samoa, Solomon islands, Tonga, Tuvalu, Vanuatu	
235	597	57	165	29	95
249.7		97.7		39.6	
47%	70%	75-90%	91%	38%	47%
			6%	Fisheries (23%)	42%
33%					
	20%				

Table A.4.7	Details on regional programmes and strategies (budgets in EUR mln)					
	Region of Eastern and Southern Africa and the Indian Ocean		Southern African Development Community		Central Africa	
Human resource development[328]						
Non focal	10-15%	5%	26%	5%	17%	
Overall aim/main objective	Increase economic growth and reduce poverty through higher levels of regional economic integration	To contribute to the eradication of poverty in the region's countries and assist them in attaining the MDGs, as enshrined in the ACP-EC Partnership Agreement, by supporting economic growth and developing trade	Increase economic growth and reduce poverty in the SADC region through higher levels of regional economic integration	Poverty reduction, supporting the acceleration of economic growth and development in the SADC region through deeper levels of regional economic integration and political cooperation	Contribute to economic growth and poverty reduction through regional economic integration	Promote peace and security, a strong reduction in poverty and sustainable management of natural resources

328 Including reinforcing regional institutions that support basic education and vocational work-related training, curriculum review, development of TVET training and work based programmes, and support for non-state actors.

West Africa		Caribbean		Pacific	
				20%	
20%	10%	14-18%	3%	19%	11%
Contribute to poverty reduction through better regional economic growth, facilitated by a strengthening of regional economic integration of West African countries	Contribute to poverty reduction through better regional economic growth, facilitated by a strengthening of regional integration and better integration into the world economy	Beneficial integration of the Caribbean region into the world economy through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and stability and continued improvements in living conditions.	Beneficial integration of the Caribbean region into the world economy, allowing the region to better reap the benefits of globalisation and countering its negative impact, thus leading to sustainable economic growth, regional cohesion and stability, and continued improvements in living conditions.		Contribute to Pacific Leaders vision for a region of peace, harmony, security and economic prosperity where all its people can lead free and worthwhile lives

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
		Global initiatives	
Health GFATM	To reduce the impact of the three pandemics (HIV/ AIDS, tuberculosis and malaria) in the ACP states	(i) To promote the harmonisation and alignment principles within the Global Fund Board. (ii) To secure integration of GFATM activities into national plans to fight the three pandemics and reinforce health systems.	150 (2008-2010) + 150 (2011-2013)
		All-ACP initiatives	
Global Climate Change Alliance (GCCA)	To address climate change as a threat to progress towards achieving the MDGs	(i) To increase the capacity of ACP countries to adapt to the effects of climate change. (ii) To ensure that ACP countries also participate in the global climate change mitigation effort where it benefits their poverty reduction objectives	40
Renewable energy	To contribute to combating climate change and to achieving the MDGs and WSSD objectives on energy by: improving use of renewable energy resources; improving energy security and access to renewable and sustainable energy services and mitigating CO2 emissions in ACP countries; improving capacity management, governance and frameworks in the energy sector	(i) To increase access to affordable and sustainable energy services for the rural and peri-urban poor by means of renewable energy solutions as well as measures of energy efficiency. (ii) To strengthen regional energy cooperation and markets, notably for renewable energy solutions. (iii) To improve governance and framework conditions in the energy sector at regional, national and local levels, in particular those aiming at the promotion of renewable energy. (iv) To seize opportunities offered in the area of biomass and biofuels where this is a sustainable option.	200 for Energy Facility
Environment	To contribute to sustainable management of the environment and natural resources by means of specific activities in ACP countries	To strengthen the capacity of ACP States to fulfil their obligations under the Multilateral Environmental Agreements . To strengthen their negotiating capacity in connection with the relevant Conventions	70
Disaster risk reduction	To improve the level of security of the population of ACP States	To reduce the social, economic and environmental costs of natural disasters in ACP States. Ultimately, to fight against poverty	180

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
Interconnectivity: Transport, energy, water and ICT networks	To secure interconnectivity across regions by promoting safe trans-boundary, regional and national transport, energy, ICT and water networks and infrastructure that contribute to regional integration, trade and economic growth with a view to achieving the MDGs	(i) To improve transport (including aviation) infrastructure and transit services along trans-African corridors and on regional networks. (ii) To enhance cross-border and regional energy infrastructure, such as electricity and gas interconnectors or cross-border grid extensions, including allowing an increased use of renewable energy sources. (iii) To improve integrated management of major transboundary river basins in Africa and water infrastructure on a regional and continental scale. (iv) To increase the coverage of the broadband infrastructure and non-commercial e-services linked to continental, regional and national ICT networks. (v) To improve continental, regional and national policy, strategy and regulatory frameworks for the transport (including air and sea, SSATP), energy, water and ICT sectors. The role of economic nodes (megacities) in the good operational and efficiency of large infrastructure networks should be foreseen. (vi) To increase the capacity of continental, regional and country institutions and programmes for financing, management, maintenance and operation of transport and ICT networks.	300 from EU-Africa Infrastructure Partnership 'and other relevant initiatives in the Caribbean and Pacific regions'

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
Water and sanitation	(i) To help achieve the water and sanitation Millennium Development Goals (MDGs) which is to halve by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation, vital in themselves but also key prerequisites for reducing child and maternal mortality (MDGs 4 & 5) and combating diseases (MDG 6). (ii) To contribute to improving water governance and management of water resources and to the sustainable development of hydraulic infrastructure	To contribute to the achievement of the MDG targets on water and sanitation for the rural, urban and peri-urban poor by promoting the use of small-scale appropriate technologies, as well as through the provision of catalytic funding for the development of larger-scale infrastructure, complementary and subsidiary to national and regional initiatives to reduce poverty and water and sanitation-related diseases. (ii) To enhance ownership and sustainability of water and sanitation investments by the active involvement of local partners and local government in project implementation, and training for capacity building of local people and government staff. (iii) To improve governance in water and sanitation and management of water resources at regional/transboundary, national and local levels facilitating the development of sustainable hydraulic infrastructure.	200 from the Water Facility
Science and research	(i) To address the scientific divide and to strengthen the ACP States' capacity in the areas of science and technology (S&T) and innovation (PSTICB-2) with particular emphasis on integrated approaches to enable creation, uptake and use of scientific knowledge in ACP institutions and social and economic actors. (ii) To enhance use of S&T as key enablers for poverty reduction, growth and socio-economic development. (iii) To contribute to dissemination and adoption of relevant biotechnologies for food security and poverty reduction in ACP countries.	To strengthen ACP States' S&T base in terms of higher priority policies, human and institutional capacity and ability to create, access and use scientific knowledge. (ii) To increase AU-EU S&T cooperation, in particular participation of AU research teams in European Research Framework Programmes. (iii) To participate in the generation of appropriate results, products and services across the range of relevant biotechnologies, including through expanded cooperation. (iv) To enhance cooperation on use of sustainable and affordable space applications and technology to support Africa's sustainable development objectives. (v) To allow decision-makers to benefit from the latest developments in the four domains of biotechnology: green (as applied in agriculture and food production), blue (aquatic organisms), white (industrial processes, waste management and environmental remediation) and red (healthcare).	40

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
Education Erasmus Mundus 2009-2013 Programme, Action 2	To promote sustainable development and poverty alleviation by increasing the availability of trained and qualified high-level professional manpower in the ACP countries.	To identify, recruit and successfully train qualified candidates and academic staff through programmes offered by university consortia in Europe at various level of higher education	30
Mwalimu Julius Nyerere Programme (Caribbean and Pacific windows)	To promote sustainable development and poverty alleviation by increasing the availability of trained and qualified high-level professional manpower in the ACP countries. Also to build higher education capacity in the ACP countries by promoting inter-university coopera-tion	(i) To identify, recruit and successfully train qualified candidates on degree program-mes offered by university consortia in the African, Caribbean and Pacific region. (ii) To improve the quality of locally available tertiary education by means of capacity building measures as a result of inter-university cooperation.	10
EDULINK-2	To foster capacity-building and regional integration in the field of higher education	To strengthen institutional networking in the field of higher education in response to ACP socio-economic development priorities	20
Culture	(i) To contribute to the emergence and consolida-tion of viable cultural industries in ACP countries, thereby facilitating and encouraging access for local people to culture and to various means of cultural expression, especially in the communi-cation and audiovisual sectors. (ii) To increase access for ACP cultural goods to ACP and European markets by consolidating intra-ACP distribution networks and platforms and better access to distribution networks and platforms in the EU.	(i) To support production and distribution of ACP cultural goods and expressions and to support distribution both locally (within ACP countries) and by easing access to EU markets. (ii) To improve the policy and regulatory environment of culture and strengthen the capacity of institutions in ACP countries to implement the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. (iii) To set up an ACP-EU Cultural Programme/Fund in the context of the EU-ACP partnership to support distribution and production of ACP cultural goods and services	30

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
Migration policy	To make migration work for development, migration and mobility issues should be fully integrated into, and contribute to, the national and regional development strategies of ACP countries. In the case of African States, this objective will, in particular, be pursued in the context of the Joint Africa-EU Strategy and the Africa-EU Partnership on Migration, Mobility and Employment.	(i) To facilitate mobility and free movement of people within the geographical zones of the ACP Group. (ii) To manage legal migration better amongst ACP countries and between them and the EU. (iii) To find practical solutions to problems posed by illegal migratory flows. (iv) To combat smuggling and trafficking in human beings, in particular women and children, effectively. (v) To ensure effective protection of migrants' rights; (v) To enhance capacity to ensure international protection for persons in need of it	40
Trade and private-sector development	To build capacity for trade policy formulation, implementation, impact and monitoring of trade agreements, adjustment to trading and trade related standards and improvement of the business climate.	(i) To upgrade the capacity of national stakeholders to participate effectively in ongoing and forthcoming trade negotiations. (ii) To upgrade the capacity of national stakeholders to design and implement trade development and impact strategies and aid for trade programmes. (iii) To build capacity for compliance with sanitary, phytosanitary and other technical norms and standards. (iv) To improve the business environment, with particular emphasis on access to finance (SMEs and microfinance). (v) To promote medium and long term food security by improving competiveness of commodity sectors, through a value chain approach and reducing risks.	95[329]
Health	(i) To strengthen the capacity of health systems in ACP countries to deliver basic universally available healthcare. (ii) To address specific key priorities in the ACP region, including the implementation of international health regulations and conventions and to strengthen relevant institutional capacity in the region		30

[329] According to the Strategy Paper, this budget is sub-divided as follows: EUR 35 million for sanitary and phytosanitary (SPS) measures (approximately EUR 33 million for the Pesticides Initiative Programme – PIP-II – and approximately EUR 2 million for the Standards and Trade Development Facility – STDF). EUR 15 million for measures against technical barriers to trade (TBT) (adaptation to the REACH Regulation). EUR 30 million for private-sector development (Microfinance, programme for improvement of business environment and innovative flagship projects). EUR 20 million for support of agricultural policies.

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
		Pan African Initiatives	
Peace and security	To improve EU-Africa cooperation on issues relating to traditional and new security challenges, in response to both the European Security Strategy and the AU Peace and Security Protocol and Agenda.	(i) To enhance dialogue on challenges to peace and security, notably in multilateral fora, in order to reach common positions and implement common approaches on challenges to peace and security in Africa, Europe and globally. (ii) To put fully into operation the African Peace and Security Architecture (APSA) in order to address peace and security challenges in Africa, including prevention and post-conflict reconstruction. (iii) To ensure predictable funding for African-led peace support operations, including working together to achieve, within the framework of Chapter VIII of the UN Charter, a UN mechanism to provide sustainable, flexible and predictable financial support for peacekeeping operations undertaken by the AU or under its authority and with the consent of the UN Security Council.	300 for the period 2008-2010
Support for the African Union		(i) To support relevant African stakeholders, in particular the AUC and its departments, that will be involved in implementing and monitoring the Joint Strategy and its first Action Plan (2008-2010). (ii) To support measures to strengthen the capacity of all AU institutions and to promote exchanges of experience and expertise with their EU counterparts. (iii) To assist the AU to implement the recommendations made in the audit report on AU institutions and the corresponding information system. (iv) To favour participation by African NSAs, parliaments and local authorities in the Africa-EU dialogue and cooperation.	40
Mwalimu Julius Nyerere Programme	(African window) (see above)		30

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
Agriculture and rural development policies	(i) To support implementation of the pan-African agricultural agenda developed in the framework of the Comprehensive Africa Agricultural Development Programme and also the Priority Action on Food Security in the Joint EU-Africa Strategy and the EU-Africa Partnership on Cotton. (ii) To provide adequate support for finalisation and implementation of the continental process aiming at developing a framework and guidelines for land policy in Africa.	(i) To strengthen agricultural organisations or institutions and agricultural and food security related policy formulation and implementation processes, involving continental and regional-level stakeholders, including non-State actors. (ii) In operational terms, to focus the all-ACP programme on land policy, mainly on capacity building, coordination and awareness-raising at continental level and in the various sub regions and selected pilot projects at community level by facilitating learning by doing and local institution-building, focusing on common property in rural livelihoods and community empowerment.	40
Sanitary services	To reinforce veterinary governance	Trans-boundary circulation of pathogens together with the principle that public health is a global public good justify a strong sub-regional and/or regional dimension to these efforts. As announced in different fora, dedicated chapters of the Commission's aid programmes will target major emerging or re-emerging infectious diseases by promoting strong veterinary and human health governance. Good governance requires both legislation and the human and financial resources necessary to apply it.	30
Institutional and support expenditure			
Joint Parliamentary Assembly	To ensure stronger connections between the Cotonou- and EPA-related parliamentary institutions and the national parliaments.	(i) To ensure active participation by ACP MPs in Joint Parliamentary Assembly Sessions and regional meetings, fact-finding and election observation missions, including with non-State actors. (ii) To improve interaction between the work of the Cotonou and regional parliamentary institutions and the ACP national parliaments	10

Table A.4.8	Intra-ACP overview 10th EDF		
	Overall objective	**Specific objectives**	**Indicative allocation (EUR mln)**
Centre for the Development of Enterprise	To establish an efficient CDE to support private-sector development and help improve the competitiveness of ACP enterprises in the context of implementation of Aid for Trade (including EPAs).	To reform the CDE to make it more efficient; to reduce its running costs; to decentralise its operations; and to develop its links with the regional economic communities (RECs) to make it more supportive of regional agendas in the field of private-sector development.	108
Technical Centre for Agricultural and Rural Coopera-tion	To establish a well-functi-oning organisation at the service of ACP agricultural and rural producers, organisations and networks, leading to enhanced use of its products and services	To increase all aspects of the CTA's outreach by extending its services to a larger number of beneficiaries. While maintaining a regional balance, to focus the CTA's activities in Africa increasingly on agreed priorities set out in the Communi-cation 'Advancing African Agriculture' and to support the CAADP and the Joint EU-Africa Strategy.	96
Support for the ACP Secretariat			45
Technical Cooperation Facility			18
Unallocated			23
Reserve			370[330]

330 According to the Strategy paper, this amount was reserved for – A reserve of EUR 300 million for the area of peace and security to cover the successor to the on-going African Peace Facility initiatives; – An unallocated reserve of EUR 70 million to cover cost increases and contingencies.

Table A.4.9	EU financed Aid for Trade programmes
ACP-MTS programme	**Main purposes are: (a) to assist ACP countries in reforming and adjusting to the multilateral trading system; (b) to improve their capacity to negotiate and implement multilateral trade agreements; (c) To integrate trade into the development process of the ACP countries and (d) to facilitate accession of ACP member countries to the WTO. Funding is e.g. provided to provide ad hoc support to ACP delegations on WTO Doha negotiations, strengthen the members of regional organisations in trade policy formulation, to improve trade related laws and regulations, etc.**
Standards and Trade Development Facility (STDF)	The EU supports this global partnership of the Food and Agriculture Organization, the World Organisation for Animal Health, the World Bank, the World Health Organization and the World Trade Organization. The Facility supports developing countries in building their capacity to implement international sanitary and phytosanitary standards, guidelines and recommendations.
EU-Africa Partnership on Cotton	The EU contributes to the financing of the Action Framework of the partnership that goes back to 2004. Overall objective of the Action Framework is to support African cotton value chains so that they can contribute to the development of agriculture and to poverty alleviation. It focuses on six strategic areas, i.e. (a) Improvement of the capacities to develop, monitor, assess and update national and regional cotton strategies; (b) Improvement of the institutional environment, the internal organization and their efficiency; (c) Improvement of the competitiveness of the cotton value chains in Africa; (d) Reduction in the vulnerability of cotton value chains; (e) Increase value addition generated by the cotton value chains; and (f) Strengthening efficiency and effectiveness of coordination at international, regional and national levels. Under the Partnership, EU financial assistance directly linked to cotton was in 2012 currently about €327 million of which 56% channelled through the EU and the remainder through EU Member States. Benin, Burkina Faso, Côte d'Ivoire and Mali account for almost 60% of aid flows.
EU forest Law Enforcement, Governance and Trade (FLEGT) facility	The Facility, set up in 2007, is funded by the EU, the Governments of Finland, France, Germany, the Netherlands, Spain and the UK and the European Forest Institute. It aims to improve governance in the forestry sector, contributing to poverty reduction and sustainable management of forestry resources. There is a FLEGT Action Plan, published in 2003, 'consists of support for timber-producing countries, efforts to develop multilateral collaboration to combat the trade in illegally harvested timber, voluntary measures to support governments wanting to ensure that illegally harvested timber from their territory is not admitted to the EU market, public procurement policy, private sector initiatives, measures to avoid investment in activities which encourage illegal logging, and conflict timber'(Commission (2003n)).

Table A.4.9	EU financed Aid for Trade programmes
All ACP Agricultural Commodities Programme (AAACP)	The programme was launched in September 2007 with the overall objective of improving incomes and livelihoods for ACP producers of traditional and other agricultural commodities, and to reduce income vulnerability at both producer and macro levels. With a budget of EUR 45 million, of which one third earmarked for cotton, it seeks to strengthen the capacity of ACP stakeholders all along the commodity value chain. The Programme focuses on support for (a) the formulation of commodity strategies; (b) the implementation of such strategies through e.g. capacity-building of producer organizations, promotion of good agricultural practices, better functioning of markets, etc.; (c) the introduction and scaling up of market-based commodity risk management instruments. It is implemented by the International Trade Centre, the Common Fund for Commodities, FAO, UNCTAD, World Bank. It operates through a series of regional focal points in the different ACP regions, i.e. COMESA, the Réseau des organisations paysannes et des producteurs d'Afrique de l'Ouest, the Caribbean Agriculture Research and Development Institute and the Secretariat of the Pacific Community.
Technical Assistance Facility of the African Agriculture Fund (AAF)	The AAF invests in businesses throughout the food value chain with the goal of increasing food production in Africa. The Facility, primarily funded by the EU[1331]and managed by IFAD, was set up to enable small businesses, small-scale farmers, farmers' organisations and cooperatives to benefit from the investment windows of the AAF by providing grant funding. It aims to enhance the development impact of its investments by providing technical assistance and improved access to rural markets and financial services for SMEs and smallholders supplying AAF portfolio companies. Activities may range from support to the design of outgrower schemes, technical assistance to farmer organisations to market research and improving market linkages.
Pesticides Initiative Programme (PIP) – Second Phase of the Quality and Confor-mity Fruits and Vegetables Pro-gramme.	The first phase of the programme, launched in 2001 and completed in 2009, helped 28 ACP countries comply with European regulations on pesticides for fruit and vegetables. It provided training of service provides and specialists, and supported the introduction of food safety risk management systems of 30 crop protocols and good practice guides for the main ACP horticultural crops to facilitate compliance with EU food safety regulations and pesticide maximum residue limits (MRLs). The second phase of the programme strives to take this process further. It has the following objectives: (a) Maintain or increase the contribution made by export horticulture to poverty alleviation in African, Caribbean and Pacific (ACP) countries; (b) Conformity of ACP horticultural produce with EU regulations and market requirements (food safety, social, environmental); (c) Sustainable capacity building among ACP stakeholders to adapt to evolving regulatory and market requirements.
Strengthening Food Safety Systems through Sanitary and Phytosanitary Measures (EDES)	The programme (EUR 29.5 million from the EDF) is to help small producer organisations in ACP countries produce safe food for local, regional and international consumers. Implementation is entrusted to COLEACP (Europe-ACP Liaison Committee), in cooperation with a consortium of European food safety agencies. EDES develops capacity building activities, mainly through training, technical assistance, facilitation or coaching.

331 It is co-sponsored by the Italian Development Corporation, United Nations Industrial Development Organisation and Alliance for a Green Revolution in Africa.

Table A.4.10	Infrastructure Trust Fund funding 2007-2010 (in EUR mln)							
					Sector	Co-financing	Type	Region
	2007	2008	2009	2010	*		**	
East African Submarine Cable System (Eassy Cable)	2,6				ICT	EIB, KfW, AFD, IFC, AfDB and DBSA	DPF	Central and East Africa
Félou Hydropower	9,3				E	EIB, Senegal River Basin Organisation (OMVS) and World Bank	IRS	West Africa and Sahel
Ethiopia-Kenya Interconnector	0,6				E	AFD, KfW, AfDB, DBSA, Ethiopian Electric Power Corporation, Kenya's Energy Ministry	TA	Central and East Africa
WAPP - CLSG power Interconnection project	3				E	EIB, KfW	TA	West Africa and Sahel
Caprivi interconnector (Zambia, Namibia)		15			E	Namibia Power ('Nam-Power'), EIB, KfW and AFD	IRS	Southern Africa
Ruzizi		2,8			E		TA	Central and East Africa
Beira Blantyre Corridor		29			T	EIB, Netherlands (ORET), Danida, IDA/ World Bank, and own funds	IRS	Southern Africa
OMVS Gouina Hydro Power Project (GHPP)		1			E	AFD	TA	West Africa and Sahel
Benin-Togo power rehabilitation			12,3		E	EIB, KfW	IRS	West Africa and Sahel
Port de Pointe Noire			6,6		T	EIB, AFD	IRS	West Africa and Sahel
JKIA Nairobi airport			5		T	EIB, AFD	TA	Central and East Africa
WAPP Coastal backbone			1,75		E	EIB	TA	West Africa and Sahel

[332] Adapted from EIB. (2008). EU-Africa Infrastructure Trust Fund. Annual report 2007; EIB. (2009). EU-Africa Infrastructure Trust Fund. Annual report 2008; EIB. (2010). EU-Africa Infrastructure Trust Fund. Annual report 2009; EIB. (2011). EU-Africa Infrastructure Trust Fund. Annual report 2010

Table A.4.10	Infrastructure Trust Fund funding 2007-2010 (in EUR mln)							
					Sector	Co-financing	Type	Region
	2007	2008	2009	2010	*		**	
ECOWAS electricity regulation			1,7		E	AFD	TA	West Africa and Sahel
GIBE 3 Hydropower plant			1,3		E	EIB	TA	Central and East Africa
Update of the WAPP Master Plan			0,9		E	EIB	TA	West Africa and Sahel
Expansion of the port of Walvisbay			0,5		T	KfW, EIB, AFD	TA	Southern Africa
Sambangalou hydropower			0,4		E	AFD, EIB, KfW	TA	West Africa and Sahel
CESUL regional transmission project			0,7		E		TA	Southern Africa
Transmission line Kibuye-Goma-Birembo				0,8	E	KfW, EIB, AFD	TA	Central and East Africa
Mount Coffee Hydropower plant				1,5	E	EIB	TA	West Africa and Sahel
Rehabilitation of the Great East Road				35,8	T	EIB, AFD	IRS	Southern Africa
Rehabilitation of the Great East Road				1	T	EIB, AFD	TA	Southern Africa
Kampala water - Lake Victoria water and sanitation				14	W	AFD	IRS	Central and East Africa
Kampala water - Lake Victoria water and sanitation				8	W	KfW, EIB, AFD	TA	Central and East Africa
Lower Orange river hydropower scheme				1,6	E	EIB	TA	Southern Africa
Engaging banks in energy transition projects				2	E	AFD	TA	Central and East Africa
AXIS - African Internet Exchange system				5,1	ICT	Lux Development	TA	African continent
Satellite eMedicine for Africa				4,2	ICT	Lux Development	TA	African continent
Capacity building for BOAD				0,9	M	EIB	TA	West Africa and Sahel
Assistance to Douala road rehabilitation				5,7	T	AFD	IRS	Central and East Africa

Table A.4.10	Infrastructure Trust Fund funding 2007-2010 (in EUR mln)							
					Sector	Co-financing	Type	Region
	2007	2008	2009	2010	*		**	
Integrated Transport Master Plan for Namibia				0,6	T	EIB	TA	Southern Africa
Tanzania backbone interconnector				24,3	E	EIB	IRS	Central and East Africa
Seychelles submarine cable				4	ICT	EIB	DPF	Southern Africa
Feasibility study Western part of UMOJANET				1,4	ICT	AFD	TA	African continent
Total	15,5	47,8	31,0	110,8				

* E = Energy; T = Transport; ICT = Information and Communication Technology; T = Transport; W = Water: M = Multi-sector
** DPF = Direct Project Funding; IRS = Interest Rate Subsidy; TA = Technical Assistance

Reports of the Policy and Operations Evaluation Department (IOB) published in the period 2009-2012

Evaluation reports published before 2008 can be found on the IOB website: www.government.nl/foreign-policy-evaluations.

IOB no.	Year	Title evaluation report	ISBN
374	2013	Working with the World Bank. Evaluation of Dutch World Bank policies and funding (2000-2011)	978-90-5328-435-3
373	2013	Evaluation of Dutch support to human rights projects (2008-2011)	978-90-5328-433-9
372	2013	Relations, résultats et rendement. Evaluations de la coopération Benelux du point de vue des Pays-Bas.	978-90-5328-434-6
372	2012	Relaties, resultaten en rendement. Evaluatie van de Benelux Unie -samenwerking vanuit Nederlands perspectief	978-90-5328-431-5
371	2012	Convirtiendo un derecho en práctica. Evaluación de impacto del programa del cáncer cervico-uterino del centro de mujeres Ixchen en Nicaragua (2005-2009)	978-90-5328-432-2
371	2012	Turning a right into practice. Impact evaluation of the Ixchen Centre for Women cervical cancer programme in Nicaragua (2005-2009)	978-90-5328-429-2
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369	2012	Budget support: Conditional results – Policy review (2000-2011)	978-90-5328-427-8
369	2012	Begrotingssteun: Resultaten onder voorwaarden – Doorlichting van een instrument (2000-2011)	978-90-5328-426-1
368	2012	Civil Society, Aid, and Development: A Cross-Country Analysis	979-90-5328-425-4
367	2012	Energievoorzieningszekerheid en Buitenlandbeleid – Beleidsdoorlichting 2006-2010	979-90-5328-424-7
366	2012	Drinking water and Sanitation – Policy review of the Dutch Development Cooperation 1990-2011	978-90-5328-423-0
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361	2011	Evaluatie van de Twinningfaciliteit Suriname-Nederland	978-90-5328-417-9
360	2011	More than Water: Impact evaluation of drinking water supply and sanitation interventions in rural Mozambi-que	978-90-5328-414-8
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358	2011	Assisting Earthquake victims: Evaluation of Dutch Cooperating aid agencies (SHO) Support to Haiti in 2010	978-90-5328-413-1
357	2011	Le risque d'effets éphémères: Evaluation d'impact des programmes d'approvisionnement en eau potable et d'assainissement au Bénin	978-90-5328-415-5
357	2011	The risk of vanishing effects: Impact Evaluation of drinking water supply and sanitation programmes in rural Benin	978-90-5328-412-4
356	2011	Between High Expectations and Reality: An evaluation of budget support in Zambia	978-90-5328-411-7
355	2011	Lessons Learnt: Synthesis of literature on the impact and effectiveness of investments in education	978-90-5328-410-0
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349	2011	The two-pronged approach Evaluation of Netherlands Support to Formal and Non-formal Primary Education in Bangladesh, 1999-2009	978-90-5328-404-9
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347	2011	Table rase – et après? Evaluation de l'Allègement de la Dette en République Démocratique du Congo 2003-2010	978-90-5328-402-5
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This report presents the findings of the policy evaluation of the Dutch involvement in European development cooperation with a focus on the European Development Fund and the Cotonou Agreement. The report is based on extensive desk study, interviews and short visits to Burkina Faso, Ethiopia, Rwanda and Uganda. The main conclusions of the report are as follows: (a) There is a growing convergence between EU aid policies and the key principles of Dutch aid; (b) The Dutch view on complementarity and added value of EU aid has changed quite frequently; (c) Dutch and Commission views on budget support have become increasingly harmonised; (d) Although EDF has a clear poverty focus, little is still known about actual results; (e) Aid management has improved substantially, but concerns remain with respect to cumbersome procedures and the quality and scope of M&E systems; (f) The political dimension of EU aid has become increasingly important. The existing instruments (political dialogue and Article 96) have been initiated with varying success. A Dutch translation of the summary and conclusions is incorporated.

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