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CONCORD Cotonou Working Group (Aid)

Briefing Paper

ACP-EU relations: Will the EU deliver on its promises?

Challenges of the 10th EDF Programming process

We, the members of the CONCORD Cotonou Working Group, are concerned that the 10th European Development Fund (EDF) programming process is likely to increase the accountability of ACP governments to the EU, as a donor and a trade partner, rather than to strengthen the ways in which ACP governments can be accountable to their own citizens and parliaments, as promoted in the Cotonou Agreement.

We see the following three key challenges arising in the 10th EDF programming process:

- **Ownership: Imposed priorities and additional conditionalities**
- **Participation: National parliaments and civil society left out of the process**
- **Prioritising people's needs and rights: Governance and competitiveness replacing women's rights, health and education**

We therefore call on ACP and EU states as well as on the European Commission to slow down the process of negotiating 10th EDF country strategy papers so that ACP national parliaments and civil society can participate in the definition of EC aid priorities.

I. Whose priorities?

Key elements of the Cotonou Agreement are clearly under pressure from the declarations and documents produced by the European Union in recent years. The Strategy for Africa states, inter alia, "The EU areas considered prerequisites for attaining the Millennium Development Goals (peace and security and good governance), areas that create the economic environment necessary for achieving the MDGs (economic growth, trade and interconnection) and areas directly targeting the MDGs (social cohesion, decent work, gender equality and environment). These objectives should be supplemented, especially for those countries closer to the EU, by support for economic integration and political cooperation with the EU. Taken together, these measures constitute the EU's common, comprehensive and coherent response to Africa's development challenges."

According to the European Commission, the priorities for the European Union in the coming years are peace and security, good governance, economic growth, as well as trade and regional integration. Javier Solana puts it in a different way: "The major challenges that the EU will meet over the next 10 to 15 years - migration, energy, political Islam, terrorism and climate change - also need to be addressed in Africa."¹ Commissioner Mandelson has a specific interest in promoting the future agreements because they provide "improved market access and will simplify, harmonise and render rules of origin more development friendly"². Moreover, "carefully constructed and ambitious bilateral agreements with carefully chosen partners can create new trade, improve the competitiveness of EU companies in key enlarging markets and prepare the ground for future liberalisation by going further in areas such as investment, competition and public procurement where WTO rules do not yet fully apply".³

The negotiations and programming process for allocating the overall amount contained in the 10th EDF are currently ongoing. First drafts show that the European Commission has begun to programme a growing volume of EDF resources outside of the conventional NIP/RIP framework and that more resources are being allocated (under the NIP) to governance, regional integration and through budget support.

We, the European NGO members of the Concord Cotonou Working Group, are concerned by the fact that some of the key elements of the Cotonou Agreement (and of the European Consensus on Development and other EU international commitments) are being violated in the context of the programming process of European Community aid to ACP countries under the 10th EDF. In particular:

√ **Ownership:**

- The process did not allow for ownership. According to several ACP ambassadors, regional seminars were not a dialogue; they were a lecture from the European Commissioner for Development, Louis Michel. ACP countries were and are being told that their priorities should be limited to five areas of importance for the EC (with a strong emphasis on governance and competitiveness, to the detriment of sectors such as health, education and, in some cases, rural development).
- In certain countries (e.g. Jamaica⁴) a draft CSP has been elaborated after a long transparent and participatory process (which included parliament, EC delegation, NAO and civil society). This draft was sent to the EC headquarters in Brussels and the **Commissioner did not accept the outcome of what came from the ground**. This cannot be considered as behavior which is in line with the principle of ownership.

¹ Contribution by SG/HR Javier Solana to the EU Strategy for Africa (2005)

² Commission of the European Union (2005), EU Strategy for Africa: Towards a Euro – African pact to accelerate Africa's development, http://www.europe-cares.org/africa/eu_strategy_en.html

³ Speech Mandelson (2006), http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/sppm118_en.htm

⁴ Speech by Ambassador Coye, 8th November 2006

- Part of the money originally earmarked for ACP countries will be allocated only on **condition that the country puts in place governance measures** according to the Commission's unilaterally identified criteria (governance profile and assessment grid). In addition to what could be viewed as more consensual criteria, for example relating to human rights and democracy, the criteria and subsequent measures include management of migration and readmission of illegal migrants, the fight against terrorism and the proliferation of weapons of mass destruction, and private sector-friendly policies (linked to the EPAs). This is a way to push European economic and geopolitical interest into the programming process that once again neglects the principle of ownership.
- In summer 2006, the European Commission decided **unilaterally and without any consultation or even information sharing to cut a set of programmes in different countries** under the 9th EDF⁵. Surprisingly, the countries in question were already experiencing difficulties in implementing programmes and they are listed very low on the Human Development Index. Instead of giving additional support and capacity to the partner governments, development aid is being cut. Most ACP governments are not yet aware of these decisions but might be in serious trouble if the planned and programmed funds do not arrive. The EU cannot claim to promote ownership and partnership on the one side and act in such a unilateral way on the other.

√ Participation

- Information coming from ACP civil society suggests that there has been little real engagement of civil society and national parliaments in the process so far but that, in general, there appears to be even less effective involvement in the current programming phase than in the previous phase for the 9th EDF⁶.
- EC delegations seem to have rarely played a proactive role to involve civil society in a representative and consistent manner.
- The lack of transparency in the process both in country and in Brussels (Commission) has undermined the ability of civil society and national parliaments to participate.
- In order to overcome these challenges, the EC and national governments should establish the necessary mechanisms to allow for a stable and sustainable schedule of consultations for the entire duration of the CSPs, including mid-term and end of term reviews, and:
 - clearly provide for adequate time and resources to engage national parliaments and civil society; facilitating the real engagement of civil society in local and rural areas, far from the capital;
 - supply the necessary documentation to stakeholders in a timely fashion so that they can prepare their input;
 - ensure proper reporting back to stakeholders on the results of the consultations, including the draft documents.

√ Human and Social Development

- Spending on health and education is being identified by most of our ACP colleagues as the main priority.
- However, based on the EC Issues Papers (which guided the drafting of CSPs), the number of CSPs focused on education would decrease from 6 per cent under the 9th EDF to 2 per cent under the 10th, and CSPs focused on health would decrease from over 4 per cent under the 9th EDF to 2 per cent under the 10th.
- The Commission's claim that education and health will be addressed under general budget support (GBS) cannot be valid until mechanisms and monitoring tools are clearly put in place to ensure that resources channelled through this aid modality genuinely benefit human and social development. The EC should work towards the elimination of the IMF spending ceilings on social sectors if it wants to be credible in increasing spending on health and education via GBS.

⁵ Unofficial statistics from the European Commission show that, inter alia, Central African Republic, Burundi, Mauritania, Guinea Bissau, Angola, Tanzania, Eritrea, Guinea Conakry, Togo, Equatorial Guinea, Liberia, Sierra Leone, Benin, Senegal, Madagascar and Jamaica will receive less money than foreseen because some of their programmes will be cut (European Commission, 2006)

⁶ Responses from civil society actors, collected by the CONCORD Cotonou Working Group, 2006

√ Gender

- The EC decided unilaterally that gender equality cannot be a cooperation sector in itself in the 10th EDF CSPs but that it can only be promoted through mainstreaming. This is problematic as it makes it more difficult to assess the inclusion of gender equality objectives issues and will discourage the inclusion of women-specific actions in CSPs.
- All draft CSPs should be screened to see whether the EC programming guidelines on gender equality have been implemented. Notably, every CSP should contain a gender analysis detailing the problems related to gender inequality identified in consultation with local actors, including parliament, civil society and women's organisations, and the proposed response strategy should contain mechanisms and actions to address the identified problems with indicators and targets. If this is not the case, development interventions will have very limited impact on poverty reduction, gender equality and women's rights.

√ Financing of EPAs

- In the context of the EPA negotiations, ACP countries have been calling for additional resources to strengthen their economic infrastructure and productive capacities and to deal with EPA-related adjustment costs
- Various studies (Commonwealth, European Commission) clearly indicate that the adjustment costs of the EPAs are enormous for ACP economies.
- Resources to cover any aid for trade should be additional to those provided under the 10th EDF. These additional costs should be covered by new resources to be found by the EC and the Member States.
- However, we observe that the EC decided to concentrate regional programmes on regional economic integration, trade and EPAs with the consequence that the configuration of the regional entities will be adapted in line with the EPAs and, in certain cases, will no longer correspond with the regional entities as defined under the previous EDFs. Moreover, according to EC guidelines, there seems to be very little place to include focal sectors other than EPA-related activities in the regional programmes. All of this undermines the continuation of cooperation activities that have been undertaken under previous EDFs and diverts resources away from other development objectives. This contradicts the demand from the ACP side for EPA adjustment to be financed separately from and in addition to the 10th EDF. The expected delay in the ratification of the 10th EDF protocol also seriously puts into question the appropriateness of the EDF in terms of support to the implementation of EPAs.

II. What money?

European Community aid to ACP countries between 2008 and 2013 will be limited due to the refusal of some of the richest EU Member States to increase their contributions to the 10th European Development Fund (See financial envelopes in Annex 1). This is despite their renewed commitment to reach 0.7% of GDP allocated to Official Development Assistance. In addition, ratification of the 10th EDF will take a long time so its deployment will probably start only between 2010 – 2012.

	FED10 - ACP+PTOM+appui		
	Conseil Conjoint 02.06.06	% of total	% of sub- total
1. Coopération Nationale et régionale	17.766	80,9%	100,0%
1.1 Programmes indicatifs nationaux			
⇒ Enveloppes A (programmables)			
- montant indicatif initial	10.800		60,8%
- tranche incitative - programmation	2.700	25,0%	15,2%
⇒ Enveloppes B (pour imprévus)			
- tranche initiale (2008-'09)	600		3,4%
- ressources pour renouvellement	1.200		6,8%
1.2 Programmes indicatifs régionaux (13% enveloppe A)			
- montant indicatif initial	1.400		7,9%
- tranche incitative	350	25,0%	2,0%
1.3 Réserve pour révisions PIN / PIR et imprévues	716		4,0%
2. Coopération intra-ACP	2.700	12,3%	100,0%
2.1 CDE + CTA+ APP + Secrétariat ACP et frais liés	330		12,2%
2.2 Programme indicatif intra-ACP - autres (dont Facilité pour la Paix 2008-'10: 300 MEUR)	1.665		61,7%
2.3 Réserve			
- Réserve pour la Facilité pour la Paix 2011-'13	300		11,1%
- Autres réserves	405		15,0%
Sous-total opérationnel géré par la Commission	20.466		
3. Facilité d'investissement (gérée par la BEI)	1.500	6,8%	
Sous-total crédits opérationnels ACP	21.966	100,0%	
PTOM	286	PTOM/ACP	1,3%
Dépenses d'appui	430	appui/opérat	2,1%
Total ACP+PTOM+appui	22.682		

Furthermore, serious problems remain with regard to the length of time it takes to commit and disburse EDF resources. Ongoing bottlenecks in the commitment and disbursement of 9th EDF funds through existing arrangements hamper development in many ACP countries (e.g. Burundi, Benin, Cameroon, Dominican Republic and many more). There are serious problems of non-disbursement at both national and regional levels (on 31 December 2005, a total of € 431 million was uncommitted at the national level and € 454 million was uncommitted at the regional level). Whilst there is a general consensus on the existence of the problem of slow aid commitments and disbursements, there is no consensus on what needs to be done. For the European Commission, part of the solution lies in moving outside of the conventional NIP/RIP aid deployment framework. While this has resulted in increased volumes of EDF commitments and indeed payments **from the EC**, this has not necessarily resulted in an increase in the rate of payment of EDF resources **into ACP countries**. On occasions, the intermediate bodies through which aid is deployed (e.g. the Global Fund to fight AIDS, Tuberculosis and Malaria) have faced their own problems in working within EDF procedures and securing approval for the actual disbursement of funds already committed by the EC.

In order to measure progress, encourage learning and deliver improvements, we call for a transparent and open review process to assess the effectiveness of the five-year cycle of rolling programming and performance-based reviews.

III. Who decides?

The negotiations and programming process for allocating the overall amount contained in the 10th EDF is currently ongoing. This process, which is extremely sensitive and highly secret, is determining the few sectors on which EC aid will focus in each country (justice, education, infrastructure, regional integration, health, governance etc.), the modality used to provide aid (budget support, programme support, etc), and the most appropriate agencies for implementation (technical assistance, donor agencies, governments, civil society etc.).

As shown in Table ?, this process involves, inter alia, regional seminars, inter-service consultations, negotiations with partner governments and, most importantly, debates in the EDF Committee. The challenge for civil society actors is to gain access to this process, to raise questions in parliaments (both in ACP and EU Members States), and to ensure that their concerns are heard.

We observe in our dialogue with ACP representatives (government, parliamentarians and civil society) that many principles enshrined in the Cotonou Agreement are being violated in the 10th EDF programming process. We understand that this is due to non-transparent and non-participatory procedures, which are often keeping national parliamentarians and civil society out of the process.

We therefore call on ACP and EU states as well as on the European Commission to slow down the process of negotiating 10th EDF Country Strategy Papers so that ACP national parliaments and civil society can be given a genuine opportunity to participate in the definition of EC aid priorities.

Annex 1: Calendar for the Programming Process of EC Aid to ACP Countries⁷

Feb. 2006 – July 2006

Start Programming Exercise: Consultation with civil society should have taken place during this period. The consultation exercises were the responsibility of the National Authorising Officers (NAOs) and Regional Authorising Officers (RAOs) in the ACP countries and regions, with the local European Commission delegations playing a facilitator role.

Jan. 2006 – March 2006

Regional Seminars: A total of six regional seminars were held between January and March 2006 in preparation for the programming exercise. European Commissioner for Development Louis Michel was present at all the seminars to discuss programming approaches and priorities for each ACP region. In principle, the participants in the seminars only included Commission representatives from Brussels, representatives from the local EC delegations, NAOs and RAOs, and representatives from the EU Member States with an active presence in the countries.

July 2006

A first screening of the programming exercise by the Commission should have taken place.

End of Sept. 2006

Deadline for draft CSPs to arrive in Brussels.

Oct. 2006 – Dec. 2006

Country Team Meetings in Brussels, where the draft CSPs are discussed. These will be organised by the EC Desk Officers in Brussels.

Dec. 2006/Jan. 2007

- a) iQSG (inter-service Quality Support Group) screening of CSPs to take place, based on European commitments and programming guidelines. Consultation between the local EC Heads of Delegation and NAOs and RAOs should take place, in close dialogue with Non-State Actors.
- b) Internal discussion on the incentive tranches, CSPs and the indicative programmes.

Jan. 2007

Validation by Commissioner Michel. Finalisation of CSPs at country level.

Feb./March 2007

Inter-service consultation.

March/April 2007

Decision process in the European Development Fund (EDF) Committee.

May/June 2007

Finalisation in the Commission.

May 2007 – Dec. 2007

Process for signing of CSPs.

⁷ Due to the politically sensitive situation in certain countries, this calendar will not be applied to Uganda, the Democratic Republic of Congo (DRC), Nigeria, Haiti or Guinea.