



European Development Cooperation Making aid more effective - Challenges and answers from the European Commission

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Policy, Quality, Finances

2008 – 2009

1. Funding and global context
2. Facts & Figures in 2008/**More**
3. Innovation
4. Quality/**Better**
5. Aid Effectiveness
- 6. Faster**
7. Outlook 2009 and beyond

1 Funding and global context

EU and EC aid implementation

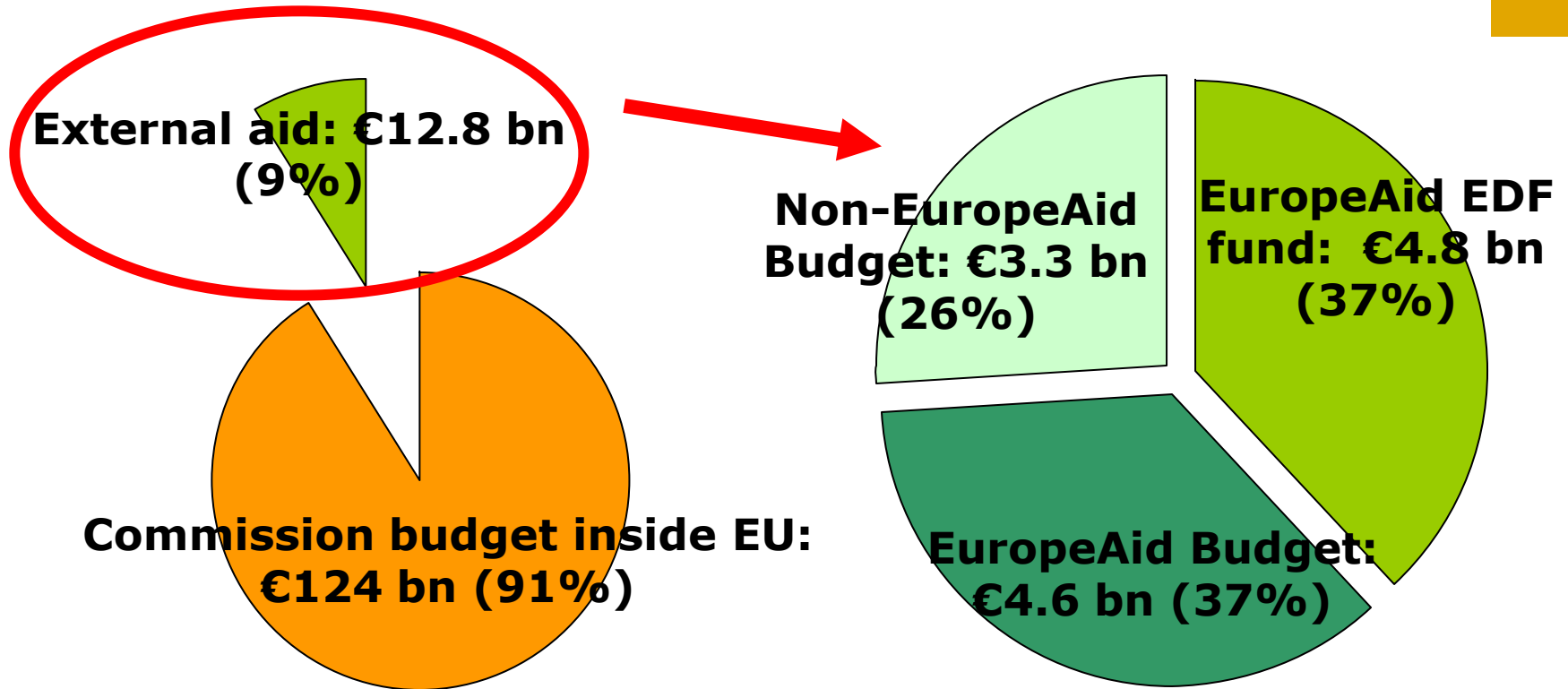
EU the largest donor in the world

- 27 + 1 donors together responsible for **60% of all development aid** (2008: 48,6 billion)
- USA provides 22%

European Commission on its own:

- **Second largest** donor of humanitarian aid
- **Third largest donor** of development aid (11%, after USA and Germany)
- Present in aprox. **150 countries and regions**

The EC and the external aid budget 2008



EuropeAid implements external assistance. This excludes pre-accession aid, humanitarian aid, and Common Foreign and Security Policy (CFSP) aid. EC total budget includes European Development Fund (EDF). *NB - 2008 provisional figures (April 09)*

EC development programmes as of 2007

Average annual commitments 2007-2013

• Pre-accession, 7 countries	1.6 billion
• Neighbourhood, 17 countries	1.6 billion
• 10th EDF, 78 ACP countries / OCTs	3.7 billion
• Development, 48 countries	1.4 billion
• Development, sugar, 18 ACP	180 million
• Development, thematic	800 million
• Human rights & Democracy	160 million
• Stability (post crisis)	290 million
• Nuclear safety	75 million
• Humanitarian aid	802 million

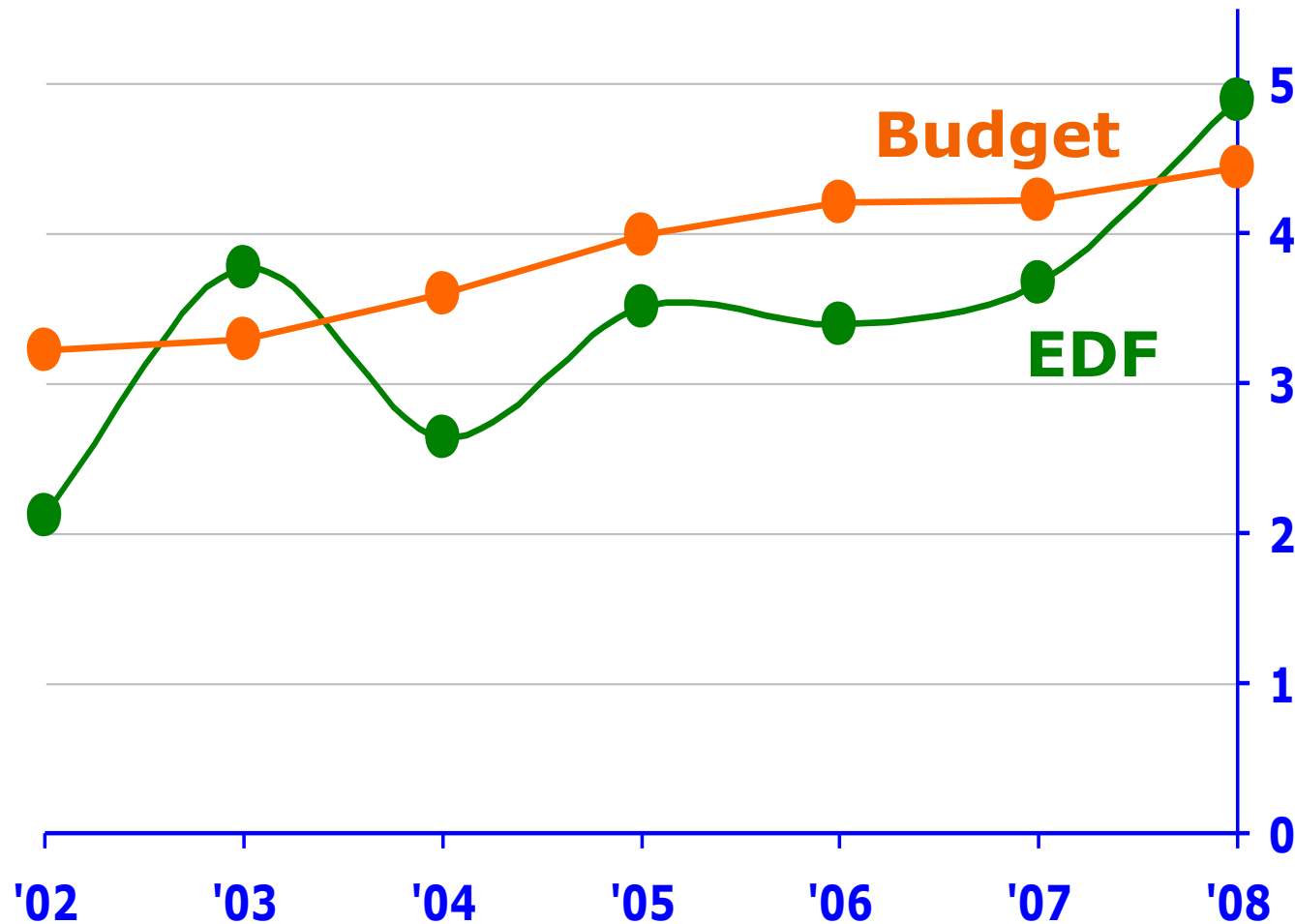
2 Facts and Figures in 2008 MORE



Financial commitments in 2008

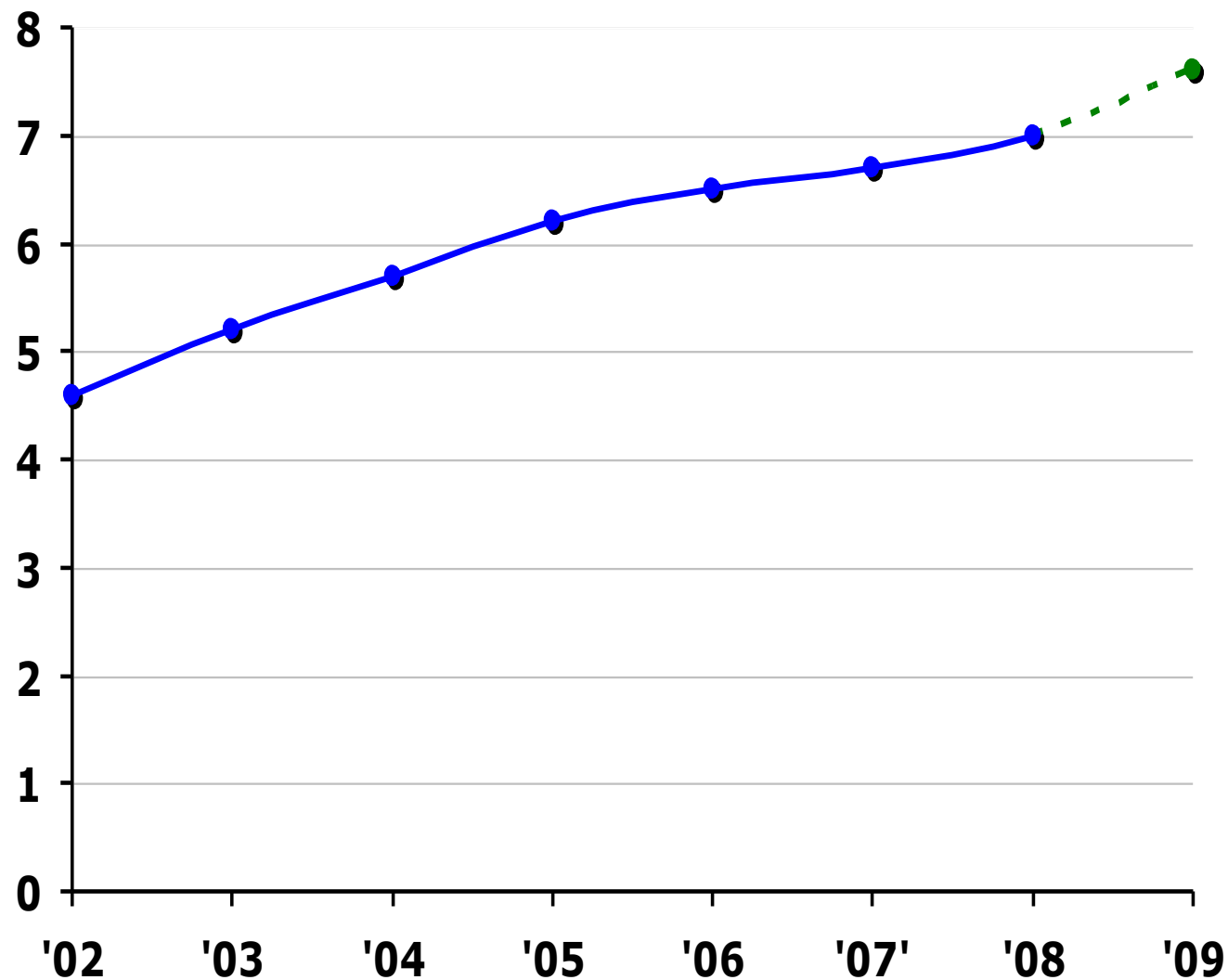
Budget & EDF commitments 2008

Planned: €7.3 bn - we did €9.3 bn



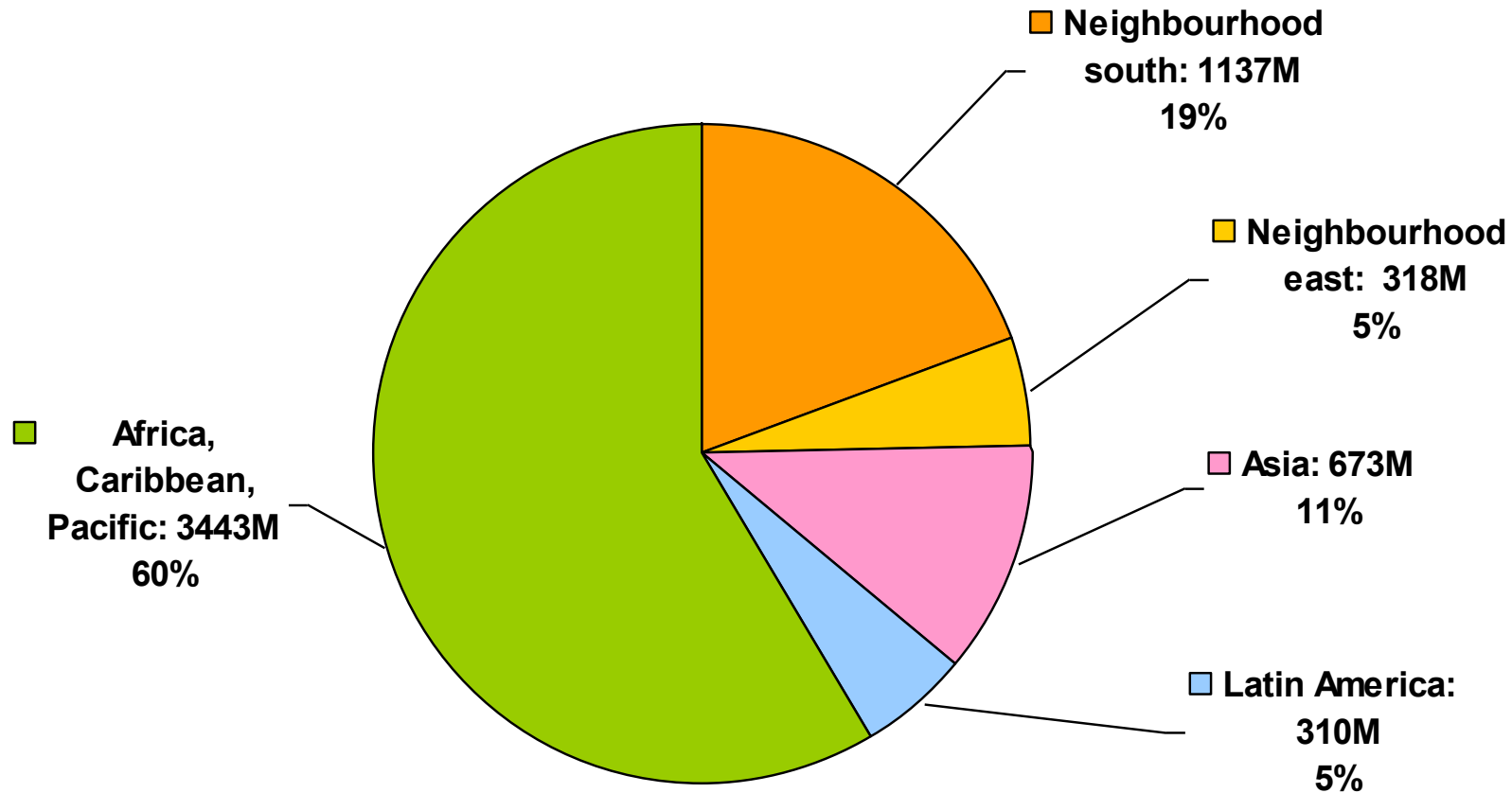
Paid out in 2008: €7 billion

Record year for project implementation



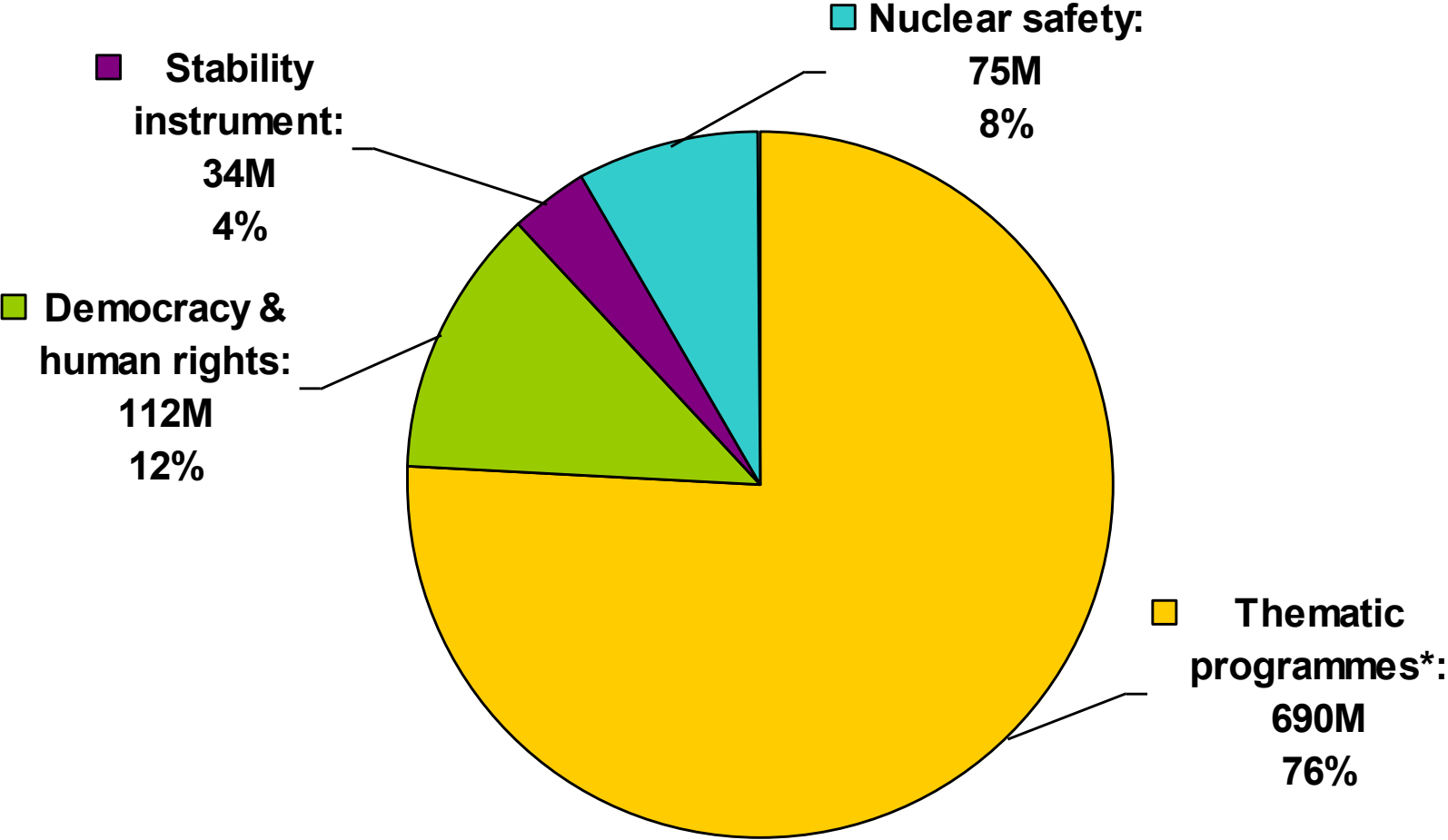
Geographic distribution of funds - 2008

In M€



Distribution of funds by horizontal programme - 2008

2008, payments per thematic programme, in M€



* Thematic programmes include: non-state actors & local authorities, investing in people, gender, environment, migration and food security



3 Innovation



Innovation (a)

- **The Global Energy Efficiency and Renewable Energy Fund:** mobilise private investments to fight climate change & poverty. EC investment = €80 million 2007-10
- **Neighbourhood Investment Facility:** EC grants with European Finance Institutions to generate large projects on energy, social, transport & environment. EC invest. = €50-70 million per year
- **EU-African Infrastructure Trust Fund:** interconnecting Africa through large regional programmes. EC investment = €108.7 million

Innovation (b)

- **7 MDG Contracts in 2008** (1,521 M€): Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda, Zambia
 - Aid **more predictable**, targeted at **good performers**
 - **Longer term time** horizon: 6 years vs. 3 years for traditional budget support
 - **Larger predictable share**: >70% against 50%-70%
 - **Annual performance tranche** up to 15% & **contract review** after 3 years to determine tranche on basis of MDG-related result indicators (at least 15%)
- **Mali Migration Centre**
- **First co-financings/delegated cooperation** with EU Member states

Innovation (c)

Union for the Mediterranean – 2008

- Builds on the **Barcelona process**
- **Aim**: increase regional integration & cohesion
- **27 EU MS + 16 Mediterranean partner states**
- **EuropeAid** to implement **5 projects > €22M**:

Mediterranean Environment Programme

EUROMED Civil Protection Programme

Natural Disasters Programme*

Motorways of the Seas

Mediterranean Solar Plan

Innovation (d)

Eastern Partnership

- Strengthen **EU links** with Eastern Europe & Caucasus: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine
- **Aim**: deepen economic, energy, security links
- Eastern dimension of the **EU Neighbourhood Policy**
- **Prague Summit** of 7th May 2009
- **Five flagship initiatives**:
 - border management
 - electricity and energy
 - SMEs
 - southern corridor
 - disaster response
- **First platform meetings** foreseen June '09
- **No EC budget approved yet** – likely for **2010**

4 Quality / BETTER

Quality

AIDCO has a system in place to ensure and improve the **quality** of our operations covering **the whole project cycle** from the

design phase, through the...
implementation phase, to ...
ex-post evaluation of impact
and sustainability

Quality Ex-ante phase

Quality Support Groups (QSG)

- Relatively young but already matured system of **internal peer review of projects**
- Systematic coverage; **99% of projects screened** in 2008
- QSG methodology is being aligned with Results Oriented Monitoring (ROM) to increase accountability

Quality Implementation

ROM performance feedback 2008

No. of countries visited	149
No. of monitoring reports	1249
Billion euro covered	5.5

Stable performance on-going projects:

	2007	2008
Very good performance	4%	3%
Good performance	67%	71%
Performing with problems	21%	20%
Major problems	8%	6%

Improvement in African countries

Ex-post ROM

- Methodology of ex-post ROM (monitoring conducted one year after the completion of a project) tested and already proved to be useful in identifying factors determining projects' performance
- Lessons learned are being integrated at the design phase. They are of a universal nature and can be shared with other donors or partner governments

Quality Implementation

Joint monitoring

Two types:

- joint monitoring carried out **with other donors** - ongoing dialogue within the family of international donors (in the context of Aid Practitioners Network)
- joint monitoring implemented together **with a partner government** - AIDCO is developing a new methodology based on our positive experience in Ethiopia

Quality Implementation

Challenges:

- **Sector Policy Support Programmes** - the SPSP methodology is being tested (so far 22 SPSP ROM missions in all regions); to be fine-tuned
- **General Budget Support** – methodology for evaluation of this important aid modality is at the drawing board; GBS ROM may come later
- **Regional programmes** - new methodology for monitoring regional programmes has been developed, being implemented

Quality Implementation / Ex-post phase

9 Evaluations concluded in 2008

- **1 Thematic:** Energy
- **4 Geographic:** Guyana, Western Africa, Eastern Africa, Synthesis of geographical reports ('98-'06)
- **4 Aid modalities:** Channeling aid through UN, WB, EIB, Civil Society, and an Issue paper on evaluating Budget Support
- Results available on internet websites

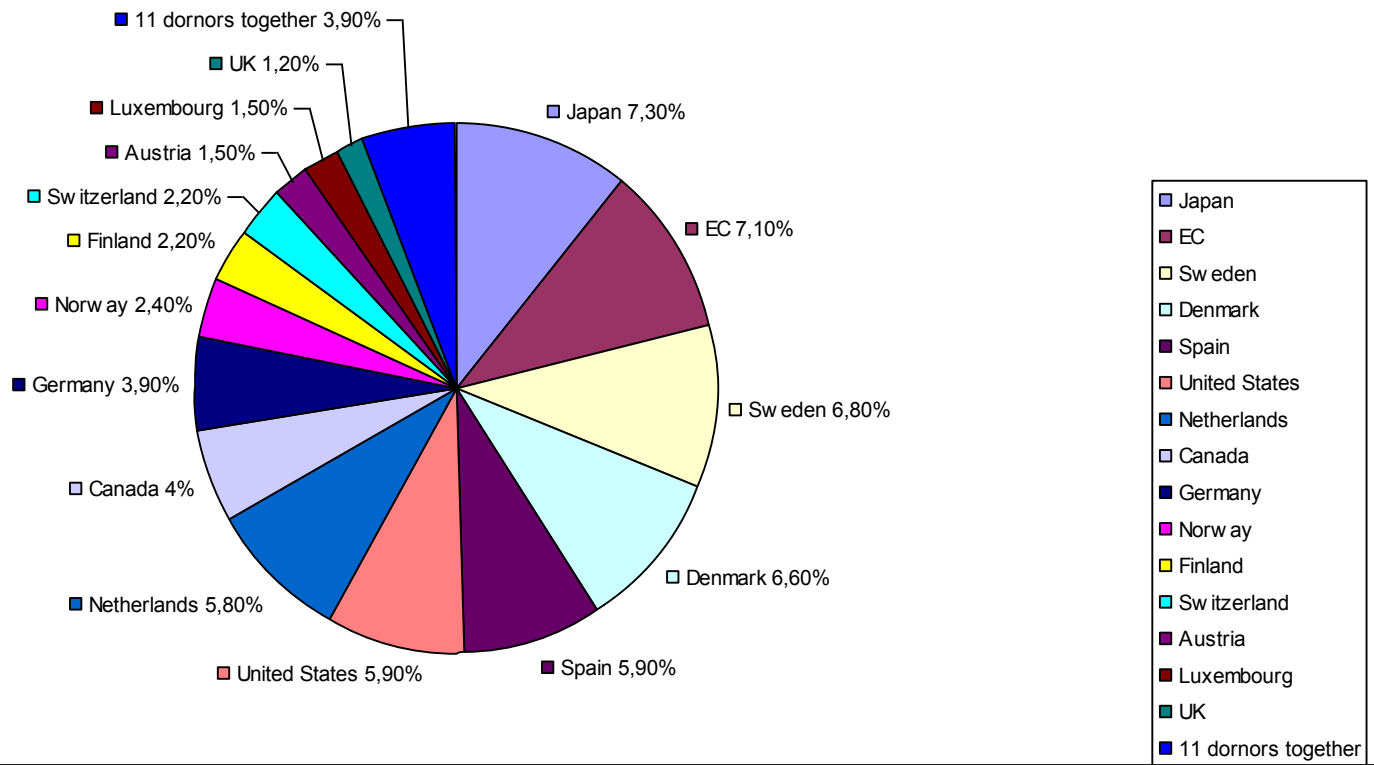
5 Aid Effectiveness

International and EU context

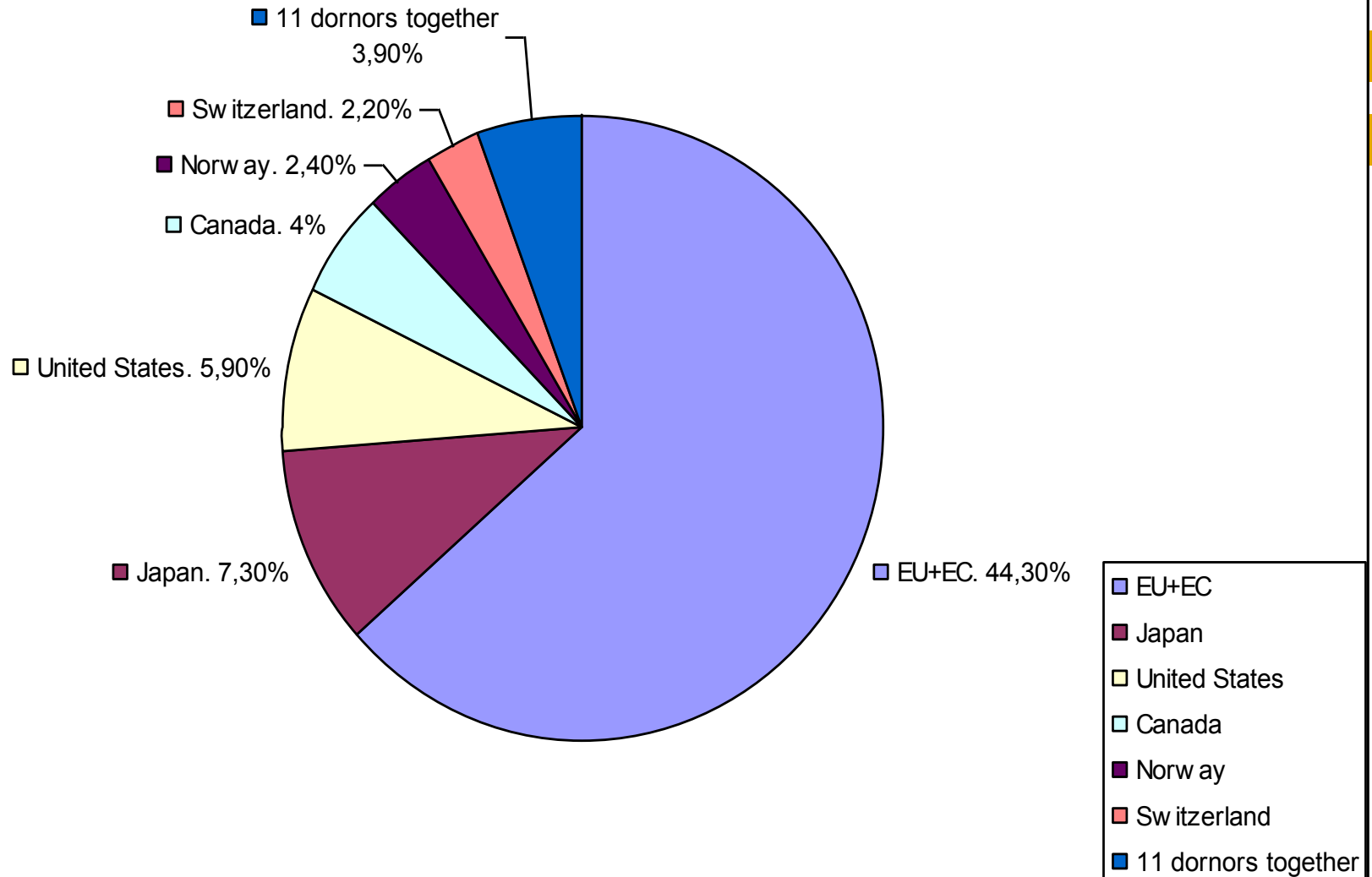
Policies, instruments

- **2000 UN 8 Millennium Development Goals**, fixing poverty reduction objectives for 2015
- **2005 OECD Paris Declaration**, 60 recipients and 50 donors on **aid effectiveness**
- **2005 European Consensus**, the EU development policy, tying Member States and Commission
- **2007 EU Code on Division of Labour**
- **2008 Accra High Level Forum** on aid effectiveness
- **2008 Doha Conference** on financing for development.
- **2011 Seoul High level Forum** Terminus for aid effectiveness or just another stop.....?

Aid fragmentation in Nicaragua (2007)

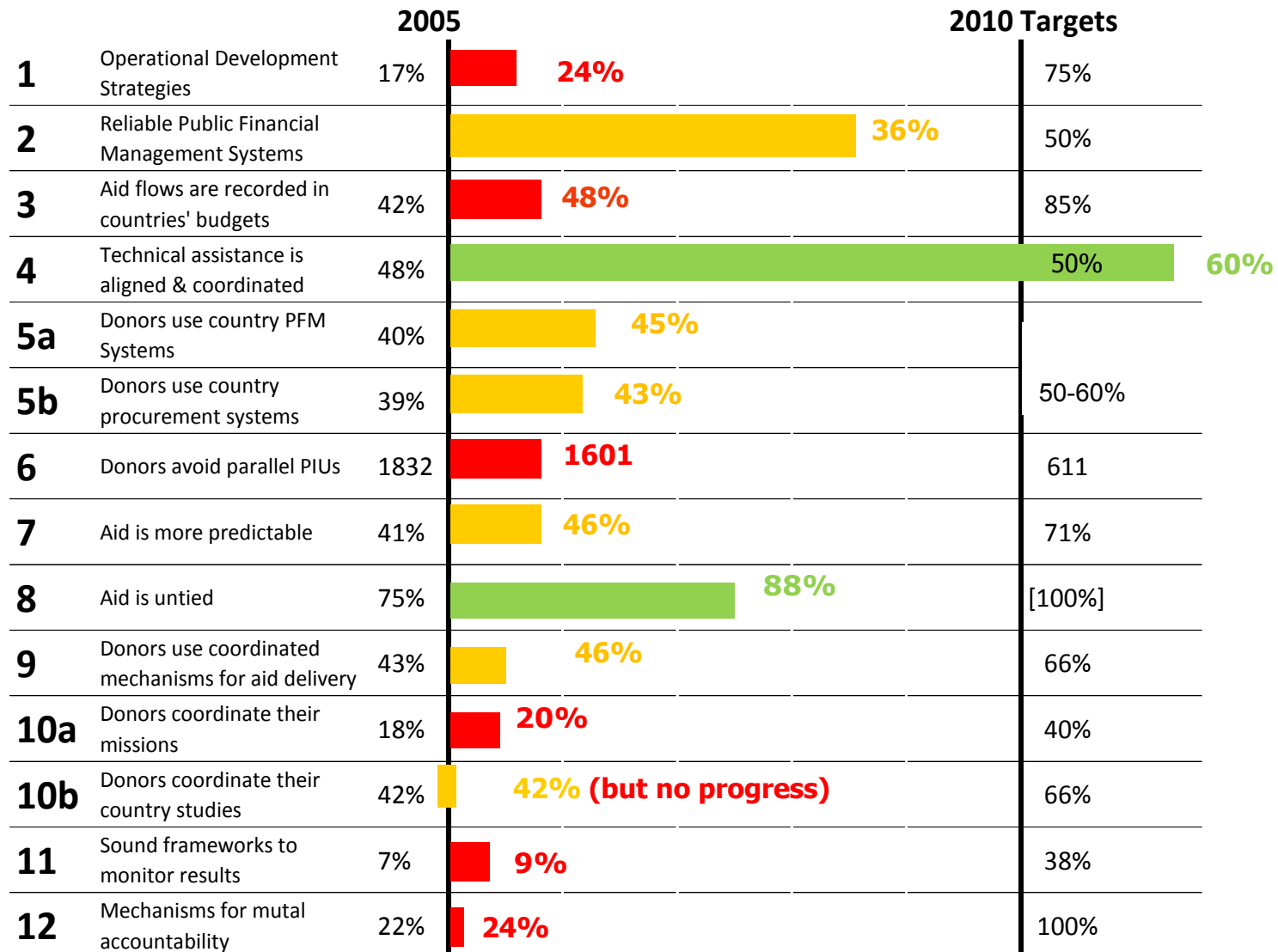


Aid Fragmentation in Nicaragua (2007)



Paris commitments not on track (PD Survey 2007, Global)

On track / Achievable / Off track



EC performance not on track*

(*EC has institutionalised information system to track performance against 4 EU Targets)

Baseline	Progress	Target
2005	2007	2010

Use of country systems

- Public Finance Management	40%	40%	60%
- Procurement	41%	37%	61%

Predictability (in-year)

- Commitments reported on budget	56%	61%	85%
- Disbursements as scheduled	49%	62%	75%

Capacity building

- Coordinated Technical Cooperation	28%	50%	100%
- Parallel Project Implementation Units	204	105	68
- <i>New parallel PIUs (EAMR Jan. 2008)</i>	26	38	0

Harmonisation

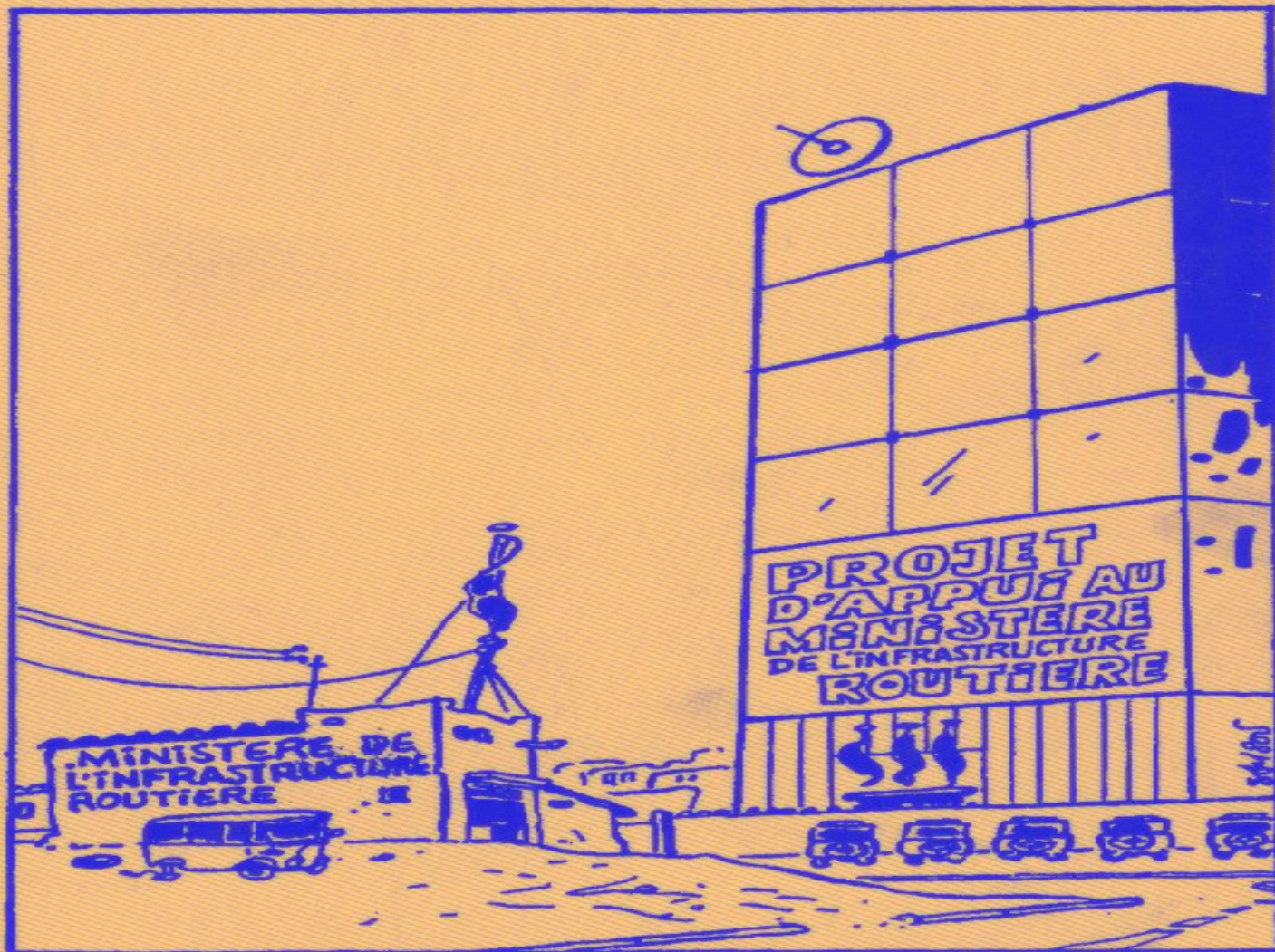
- Program Based Approaches	50%	46%	66%
- Coordinated missions	33%	36%	66% <small>30</small>
- Shared analysis	44%	88%	66%

The Road Ahead: EuropeAid Action Plan

Action plan - Priorities based on Paris & Accra
Core business for All - Not only a task for experts

- 1. Use of country systems:** TC/PIU backbone strategy; budget support and decentralised management
- 2. Division of labour:** fast tracking initiative, delegated cooperation if needed
- 3. Untying of aid:** assessment; revision of reporting
- 4. Predictability and transparency:** assessment; International Aid Transparency Initiative
- 5. Conditionality:** assessment

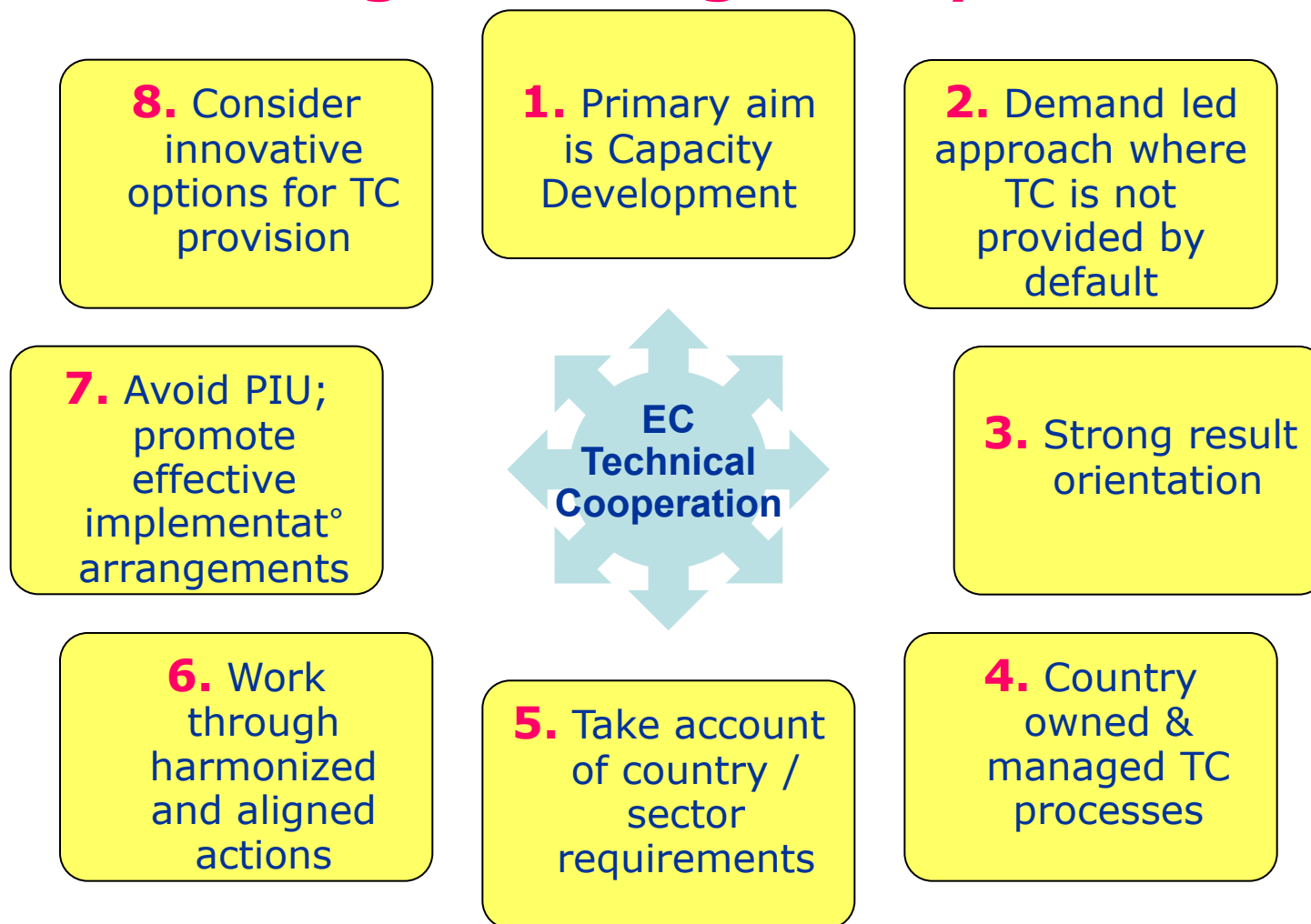
Backbone strategy for technical cooperation (TC) and project implementation units (PIU)



JEAN-DAVID NAUDET

Use of Country Systems (d)

Backbone strategy for TC & PIU Eight Guiding Principles



Division of Labour monitoring (1)

- 21 countries monitored



- Donor **mapping** and **self-assessment** of comparative advantage well under way
BUT: sometimes only provide general or superficial data
- **Lead donor arrangements** in place
BUT: seem to vary across countries and sectors

Division of Labour monitoring (2)



- **Lack of ownership by partner country** (political environment, fear of aid reduction and donors' ganging up)
- **Reluctance** by all donors to concentrate on **fewer sectors**
- Reluctance by **non-EU-donors** (UN, WB, Japan, US)
- Delegated cooperation in its infancy
- HQs sending **contradictory signals**

Delegated Cooperation in Practice: Status

- **50 proposals** at different stages
- **36 Delegation Agreements (DA):** € 214 m
- **14 Transfer Agreement (TA):** € 114 m
- ACP DA 24/ TA 9; other EDF 3/0; Asia 5/3, LA 1/0; ENPI South 0/1; ENPI East 1/0; Thematic 2/1
- Proposals range from 0.7m up to 38.5m

NB: Status in mid-July 2009

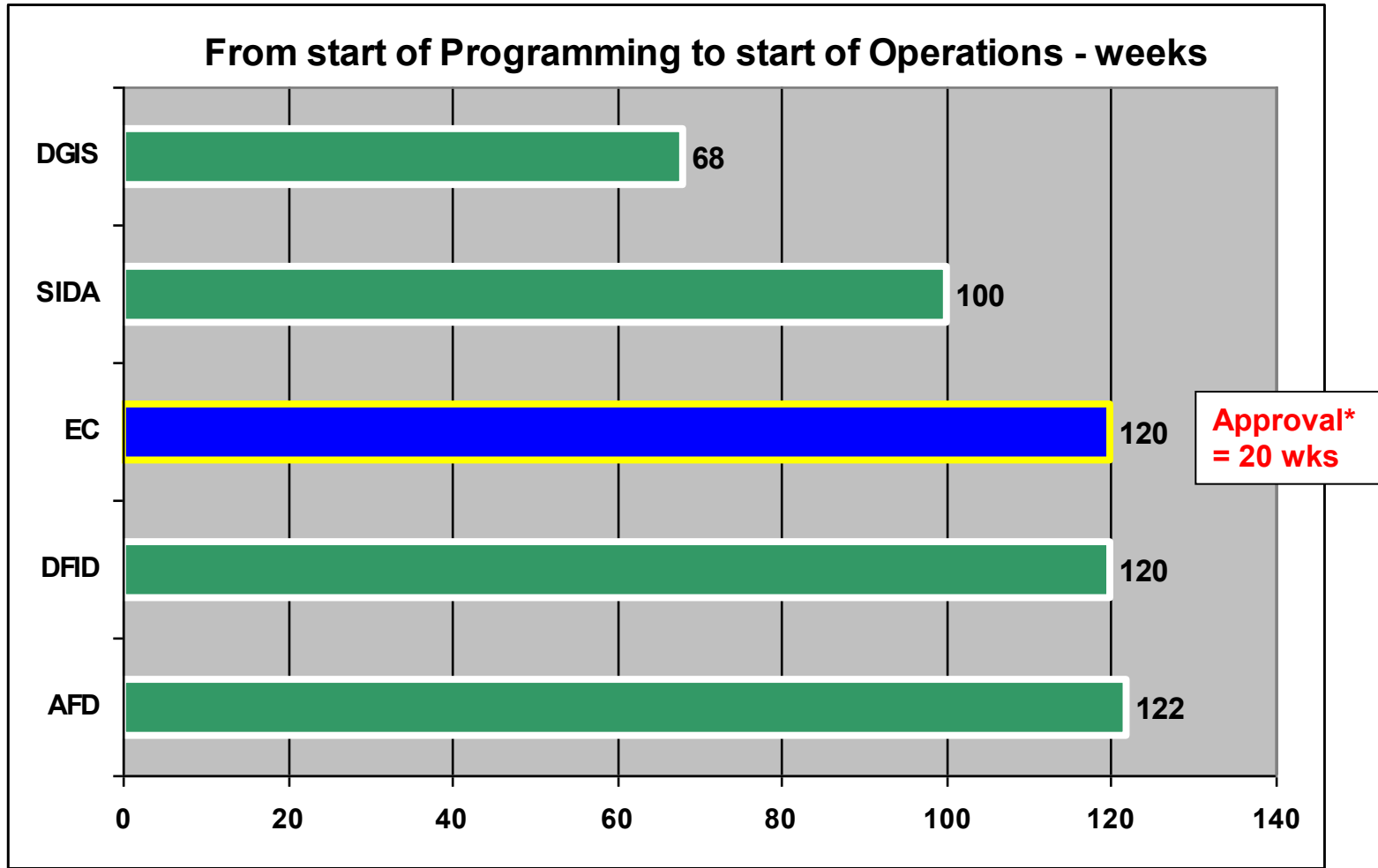
6 Faster

EuropeAid comparative study of aid implementation processes

Objectives & Methodology

- **To compare aid implementation processes:** average time frames; decision-making at HQ and in field offices; procedures
- Challenge to compare **5 different donors (EC, AfD, SIDA, DFID, NL/DGIS)**
- **Matrix** to compare processes
- **Interviews** (HQs & 3 partner countries)
- **Consultation & validation** by MS

Main findings comparative study: Timelines Total



*Approval = translations, Comitology & EP scrutiny at both programming & design stages

7 Outlook 2009 and beyond

Outlook 2009: developments & challenges

- **Aid effectiveness:** driving the agenda and action plan forward; EU-US cooperation
- **Quality:** more focus on results-orientation, data quality
- **Institutional change:** new Commission, new EP, Lisbon Treaty and External Action Service?
- **Responding to the international context:** financial, economic, climate and food crises (and migration). Challenges, but also opportunities? Commission Spring & Fall Packages

Challenges for the longer term

- **MDGs**: post 2015?
- **Results**: how we can systematically present and communicate results? Is the 'Resultaten Rapportage' the answer?
- **Development assistance beyond shared EU competence**: is there still a need for bilateral aid from EU Member States?
- **'Finalité de l'aide'**: how long will we continue to deliver aid and finance large shares of budgets of partner countries? Should we already stop aid to Middle Income Countries?

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THANK YOU!