

Assessing Europe's aid effort



The EU's image as an aid donor was bright 20 years ago, but now it is criticised from all sides.

Paul Hoebink of the University of Nijmegen looks at image and reality as he analyses the drive to reform EU aid-giving to the developing world

European politicians have been very critical in recent years when commenting on EU development assistance spent via the European Commission. "The worst offender for highly ineffective aid spending is the European Commission", said Clare Short in 2002 when she was the UK's Secretary of State for International Development. "A euro of development assistance spent via the European Union is still one of the least efficiently spent", commented Eveline Herfkens, the Netherlands' Minister for Development Cooperation, at about the same time.

Whatever the value of such criticisms, they suggest that the European Commission has at best a problem with its image on development cooperation. These critical comments by ministers and others seem to be largely fuelled by irritation over the serious delays in aid disbursements by the Commission that force EU member governments to regularly revise their own aid budgets in the closing months of each financial year.

Back in the 1970s, a number of small scale scandals over European development assistance, mostly about doubtful connections between agricultural projects and business interests, hit the headlines. But these scandals never in fact attained the levels reported in the media, which gleefully charged businessmen and politicians with abusing bilateral aid projects so that corruption and aid-funded "white elephants" became rife. In the 1980s, the European Court of Auditors criticised EU food aid for its quality and its effectiveness, but this didn't seem to make much of an impact on the EU's image as a benevolent donor. In those days the European Community, with its emphasis on partnership and impartiality, appeared to be a much more effective and benign aid spender than most national governments. What, then, brought about this change of image, and what evidence is there that might sustain this altered image?

The decision-making process inside the European Union is highly complex, and this

is all the more true of development cooperation. There is also a large gap between policy making on the one hand and policy implementation on the other. The European Commission is responsible for initiating legislation and executing the development policy of the EU, and its conduct of external relations is shared between three Directorates-General: External Relations (Patten in recent years, now Ferrero-Waldner), Development (Nielson and now Michel) and Trade (Lamy, now Mandelson). Relations with the African, Caribbean and Pacific (ACP) countries are primarily the responsibility of DG Dev, although other Directorates General implement policies that affect ACP countries, like DG Trade, ECHO for emergency aid, and sectoral DGs like DG Fisheries or DG Agriculture.

The evaluators found it very difficult to say anything positive about the relevance, efficiency, effectiveness and impact of EU aid

Apart from this, various Council working groups deal with developing countries, with member states represented by their diplomats in Brussels. At the level of policy execution, the Commission implements policies in the field under the scrutiny of committees composed of member states' representatives coming from the European capitals. Criticisms have been made, however, that the links between the committees and the Council Groups are very weak.

The Commission is seen to have problems with its follow-up capacity and with turning resolutions or conclusions into real action. It is a problem of staffing and capacity; fewer staff per unit of budget than most

national donors and more management problems; a lack of technical advisors (understaffing in cross-cutting issues such as social development and gender) and staff who are described as being "too grey", not in an ageist sense but in vision and leadership. In terms of staff, the Commission can justifiably point to the fact that the aid budget increased by a factor of 2.8 in the 1990s, but its staff by only 1.8. This meant, according to the Commission, a shortfall of 1,300 posts. The Commission has only 2.9 officials per 10m spent, whereas other donors have between 4 and 9. This, together with a proliferation of projects and budget lines, has made European aid difficult to manage.

Ten years ago, the Council asked the Commission to evaluate all the major European development aid programmes; the Lomé Convention and its assistance to the ACP countries, the MEDA programme for the Mediterranean, the ALA programme for Asia and Latin America and the humanitarian assistance managed by ECHO.

The evaluations of ACP aid showed up a series of criticisms. The two main principles said to dominate successive Lomé Conventions, partnership and predictability, had been gradually eroded by the EU's tightening of conditions, priorities and financial controls. Transparency and accountability was said to be limited and coordination between the various European donors was criticised as weak.

In short, it turned out that the evaluators found it very difficult to say anything positive about the relevance, efficiency, effectiveness and impact of EU aid to the ACP countries. This led to the conclusion that both the Commission and the ACP governments were driven more by inputs and by making use of given resources than by objectives or results. The impact that Europe was having on priority objectives like poverty reduction, good governance and the protection of human rights was seen as limited. Some of the more targeted programmes yielded results at a local level, but often with high administrative costs.

The reasons for this performance level, according to the evaluation, could be found in the limited capacities and commitments of ACP governments, weak coordination and weak management by the Commission. Weaknesses in the Commission management were found in staffing and in the administrative and policy constraints imposed on the Commission. Staffing problems are partly caused by the low numbers of staff that the Commission can employ, and there is an evident shortage of in-house specialists. Policy formulation expanded the Commission's agenda and thus its administrative burden, while enhanced administrative and financial controls further extended this. In sum, the Brussels administration was overstretched, and this led to insufficient project preparation, substantial time-delays, the insufficient monitoring of performance and low levels of flexibility.

The assessment of aid projects and sector programmes showed rather more mixed results. The most successful were the phys-

ical results of transport projects. The Commission is said to have a strong engineering and technical presence, and there is a general agreement that infrastructure projects have been one of the best aspects of European aid. Road maintenance and the financial sustainability of some of these projects appears to be rather weak, because institutional weaknesses in ACP have only recently been tackled. Projects in rural development and agriculture produced uneven results, due to constraints in these sectors and the dispersing of funds over too many activities. In health, the EU has become involved in a number of innovative programmes, and has shifted away from curative medical projects and a variety of specialised activities. Support for industry has been limited and generally not very successful. EU food aid and stabex (stabilisation of food exports) support have in general led to negative comments.

More or less the same shortcomings were found in the MEDA and ALA evaluations. The MEDA evaluation concluded that strategic planning and monitoring capacity in the Commission are weak. Administrative and procedural questions were seen to overburden Commission staff to the detriment of some very substantial project proposals. The involvement of the Euro-Mediterranean Committee in every project or programme approval was seen as to increase the workload of the Commission considerably. Much the same focus on administrative and procedural issues could be seen in the ALA programme. Delays were serious as it could take between one and three years to approve a project, tender it and start implementation. In general, EU aid

interventions were seen as too scattered to have a national impact in recipient countries.

Five years ago, the Commission answered these unenthusiastic evaluations with its Communication on the Reform of the Management of External Assistance. This document set out an ambitious programme of measures to significantly improve the quality and speed of projects, while also ensuring robust financial management and increased impact. The main goals of the reforms were to improve the management of EU aid, concentrating on four elements:

- A radical overhaul of assistance programming;
- Revised management of project cycles;
- The setting-up of the EuropeAid Co-operation Office;
- The devolving of many responsibilities to the EU's overseas delegations.

The creation of the EuropeAid Co-operation Office as a new implementation agency, was meant to strengthen projects and programmes by separating their preparation and implementation. The devolving of many more tasks to the EU's Delegations in developing countries not only involved a transfer of staff to the field, but also a far greater degree of responsibility for delegations that formerly had been highly dependent on decisions made in Brussels.

The Commission now claims that the creation of AidCo has been a great success. The preparation of projects takes less time and the project pipeline is much shorter. Yet high-ranking officials in Morocco and

Senegal who I interviewed last year still see the administrative procedures and delays as the main problem when working with the Union. They call it "calendar incoherence".

The European Union has, in spite of its limited capacities, become more of a global player than ever, but can it live up to this role? The Commission does not seem to have either the organisational or intellectual capacity to play an important global role in the field of development cooperation. This is partly due to staff deficiencies, both in numbers and expertise, and to the limitations that EU member states impose on the Commission. It is also partly caused by the complex decision-making process in Brussels, particularly the disconnection between policy making and policy implementation. EU policy documents have ill-defined and unspecified goals and objectives that are difficult to share with the Member States.

The reforms of the Commission's external assistance were timely, but it is questionable whether they can compensate for the weaknesses of European aid. The split between the policy-developing and project-approval institutions and the implementation agency is not welcomed by all staff members, and some high-ranking EU officials see it as a reorganisation that could further jeopardise European aid. The devolving of tasks to the delegations could prove an important change, but much will depend on the quality of staff the Commission employs in its delegations. In short, the European Union has become the most important donor, but organisationally it still has a long way to go.

The EU is one of the few donors that really can claim to have a global programme. EU aid and cooperation programmes now cover the whole world, and have developed far from the "associationist" policies of the 1950s and 1960s. Some complain that this has been to the cost of the poorest countries, but certainly more and more middle-income countries have become major aid receivers and, at the other end of the scale, aid to the ACPs has decreased in relative terms. The "globalisation" of EU development cooperation has thus meant a shift away from the poorest countries.

To return to the EU's image problems, it is clear that there genuinely is evidence to back up the negative image change the European Union has undergone as a donor.

But this change seems to reflect the widespread criticisms of the capricious behaviour of the Brussels bureaucracy much more than it does evidence about the effectiveness and impact of EU aid. On that, the Union doesn't seem to score better or worse than other European donors. So the answer to the question "Is the EU a "good" aid donor?" has to be mixed: the EU is a slow, bureaucratic donor, demanding a lot of paperwork, effective in some sectors and clearly inefficient in others. But the EU is also generous, imposes low levels of conditionality, with fewer strings attached to aid than most other donors. □

p.hoebink@maw.ru.nl

E.W. PARTNER THINK TANKS



Centre for Liberal Strategies

1000 Sofia, Bulgaria,
135 A Rakovski Str, Second floor
Tel.: (+359 2) 981 8926, 986 1433;
Fax: (+359 2) 981-8925
E-mail: cls@cls-sofia.org;
Web Site: <http://www.cls-sofia.org>.

**Institute for Security and
International Studies (ISIS), Sofia**

ISIS is an NGO – non-profit research organisation, established legally in November 1994. Associate Professor Dr. Plamen Pantev is founder and Director of the Institute. ISIS is not linked to any political party, movement, organisation, religious or ideological denomination. Website: <http://www.isn.ethz.ch/isis> E-mail address: isis@mgu.bg Address: 1618 Sofia, Lc "Krasno selo", Bl. 194, Ent. B, Ap. 36, P. O. Box 231, Bulgaria

Europe's World

AUTUMN 2005 | #1 | €10

THE ONLY EUROPE-WIDE POLICY JOURNAL

€uro Freddy Van den Spiegel **China** Marta Dassù

Roberto Menotti **Lisbon** Daniel Janssen | Poul Nyrup Rasmussen

Anna Diamantopoulou **Democracy** Manuel Marín

Defence Karl von Wogau | Alyson Bailes **Balkans**

Carl Bildt | Ivan Krastev **Russia** Bronislaw Geremek | Sandra Kalniete

Hiski Haukkala **Aid** Nicole Gnesotto | Paul Hoebink | Koos Richelle

Financial Markets Jacques de Larosière

Turkey David Tonge | Joachim Fritz-Vannahme

EU Constitution Gianni Bonvicini | Susan George

AND OTHER LEADING AUTHORS: EDWIN E. BAKKER, VIT BENES, ALJA BRGLEZ, ANA BRNČIĆ, ALAN DUKES, PAUL G.H. ENGEL, JONAS FREDERIKSEN, ROBERT GRAHAM, ULRIKE GUÉROT, DAN HAMILTON, GUNILLA HEROLF, MICHAEL LANDESMANN, KLAUDIUS MANIOKAS, ALAN MAYHEW, HANNA OJANEN, JOSEPH P. QUINLAN, A.D. PAPAGIANNIDIS, ALFRED PIJERS, ANTOINETTE PRIMATAROVA, VISNJA SAMARDŽIJA, JACEK SARYUSZ-WOLSKI, BOB TAYLOR, CLAES H. DE VREESE

- **The Balkans explosion that could benefit Europe** by Ivan Krastev 114
 Commentary by Visnja Samardzija
- **How Western is Turkey?** by David Tonge 120
- **Germany's Turkish Angst** by Joachim Fritz-Vannahme 125
- **The cracks in EU anti-terrorism co-operation that invite attack**
 by Edwin E. Bakker 128
- **Europe's World guide to the EU budget negotiations** by Bob Taylor 134

Section

3

THE DEVELOPING WORLD

- **Europe and America's different visions of how to help the Third World** by Nicole Gnesotto 142
- **How Brussels has overhauled its "dire" aid apparatus** by Koos Richelle ... 146
 Commentaries by Paul G.H. Engel and Jonas Frederiksen
- **Assessing Europe's aid effort** by Paul Hoebink 156

Section

4

VIEWS FROM THE CAPITALS

- **Bulgaria** by Antoinette Primatarova 166
- **Czech Republic** by Vit Benes 167
- **Finland** by Hanna Ojanen 169
- **Greece** by A.D. Papagiannidis 171
- **Ireland** by Alan Dukes 172
- **Lithuania** by Klaudijus Maniokas 174
- **The Netherlands** by Alfred Pijpers 175
- **Slovenia** by Alja Brglez 177
- **Sweden** by Gunilla Herolf 179