

Chapter 7

EUROPEAN DEVELOPMENT AID IN TRANSITION

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1. Introduction

Development aid to former colonies was the initial policy of development cooperation of the European Union (EU).¹¹ In more than 40 years, this area of common policy evolved to the present situation, which is characterized by a separate section on development cooperation in the Treaty on European Union (Title XX of the EC Treaty). This makes the EU the only donor in the world that has a mission statement on development cooperation in its 'constitution'. For a long time, the successive Lomé Conventions and their precursors have been the main symbols of the importance of development cooperation in European integration.

¹¹ Development cooperation was said to be one of the prices that Germany had to pay for its reintegration into Europe, the other price being the Common Agricultural Policy. As French colonies would mainly profit from EU subventions, the Netherlands resisted the inclusion of development cooperation into the Treaty of Rome.

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On the other hand, EU development cooperation, in general, and development aid in particular, has been harshly criticized for long procedures, slow disbursements, inefficiencies, and ineffectiveness. The aid paragraphs were not the most debated elements in the negotiations for the new Cotonou Agreement, but a number of important changes have been made. These changes will be discussed in this chapter against the background of the history of EU aid programs, a description of the complex decision-making structures on EU aid, and the few experiences with the implementation of the Cotonou Agreement as far as aid is concerned.

The chapter will try to find an answer to the question of whether these amendments will make the EU a more effective and efficient donor for the ACP countries. First, it briefly discusses the history of EU aid to its developing partners in the Lomé Conventions (section 2). Section 3 discusses the decision-making procedures of the aid programs in the Lomé and Cotonou Conventions. Some other aspects of the Lomé aid program are evaluated in section 4. A comparison of the aid paragraphs in the Lomé Conventions and the Cotonou Agreement will be undertaken in section 5. The first experiences with aid implementation under Cotonou are the subject of section 6. Conclusions will be drawn in section 7.

2. EU Aid to ACP Countries: An Overview

For a long time, the EU has claimed that its aid program was special and has characterized it as a ‘new model’. It was said to be stable, because it was planned on a multiyear basis. It was supposed to be non-political, lacking the political interference that often accompanies bilateral aid, in particular, from larger donors. Furthermore, it was designed to be administered in association with the recipients, free from the commercial strings of tied bilateral aid and addressing the needs that the recipients themselves formulated. This was emphasized already in the first document of the European Commission on development policy in 1971.² This is called the ‘acquis’ with regard to development assistance, symbolized by the principles of additionality, neutrality, and joint management. Although *acquis* suggests universal acceptance, it has been discussed from the beginning of the aid program.

The legal basis for the European Development Fund (EDF), which is the main component of aid to the ACP states, can be found in Part IV of the EC Treaty. In 1957, the six founding members decided to create the European Development Fund (EDF) for the provision of financial and technical aid, to

² Grilli, 1993:91.

give the European Investment Bank (EIB) the task of providing loans, and to create a free trade area between the EC and the associated countries. These associated countries were a number of African and Caribbean states who had special links with four member states. At the time, all of them were still colonies. It was a continuation of the 'associationism', which France, in particular, tried to build up with some of its overseas territories. Aid was distributed mainly towards French colonies in West Africa, Equatorial Africa, French Polynesia, some Caribbean Islands, the Belgian colonies of Rwanda-Burundi and Congo, Dutch New-Guinea, and Somaliland, which, at the time, was a UN trust territory of Italy's.

Thus, the Treaty of Rome laid the basis for the later Conventions of Yaoundé, Lomé, and Cotonou. Two Yaoundé Conventions, signed in 1963 and 1969, continued the European Development Fund (EDF 2 and 3). In these Conventions, the EDF aid was dispersed over a larger group of 18 newly independent (African) states and the overseas territories. Following Britain's accession to the EU, aid was extended to 26 primarily Commonwealth countries. In 1975, the Lomé Convention was signed with 46 ACP countries. A new EDF (EDF 4) was included. The dominant paradigm for the provision of aid was 'partnership', both as a principle and in the definitions of (shared) powers and roles.

The Lomé Convention and its financial protocol were extended three times. Lomé II (1980–1985) and Lomé III (1985–1990) were also accompanied by EDF 5 and EDF 6 respectively, while Lomé IV (1990–2000) had two five-year financial protocols—EDF 7 and EDF 8. Throughout the duration of the Lomé Conventions, the EDF remained the EU's principal instrument for financial cooperation with the ACP countries.³ The succeeding Cotonou Agreement and its accompanying EDF 9 have continued this relationship with the ACP group, although some modifications have been instituted in the aid instrument.

The first three EDFs financed traditional projects and technical assistance. In the Lomé Conventions, new instruments were added. Some of them were introduced in order to respond quickly to changing situations. The crisis in world market prices for raw materials, which hit many of the ACP countries in 1973, henceforward led to the creation of STABEX and SYSMIN, purposely to compensate qualified ACP countries for unexpected shortfalls in export revenues. Humanitarian assistance is another example here.

³ Giaufret, 1999:144–153.

In addition, ACP countries have benefited from financial flows from the general budget of the EC. New budget lines were used to create pilot funds for areas of cooperation, which later could be integrated in the traditional cooperation agreements.⁴ The first budget line for external aid was introduced in 1967 for food aid under the Food Aid Convention. Actions and resolutions of the European Council and the European Parliament created about 130 budget lines over the next thirty years. They were introduced for a whole set of areas of cooperation, such as humanitarian assistance, women in development, the environment, and population activities. This budget line approach eventually became unmanageable for the Commission. Thus, at the end of the 1990s, the system was changed. The number of budget lines was suppressed to make the system more rational and transparent. A large number of budget lines have been cut and replaced by spending ceilings. In the negotiation process on Cotonou, there was an increasing debate as to whether EDF aid to the ACP countries should be integrated into the external aid section of the general budget of the European Communities.

As can be seen in Table 7.1, funds for the ACP countries have grown over the years from the first allocation of € 581 in the Treaty of Rome and € 666 in the first Yaoundé Convention to nearly € 13 billion in the Lomé IV-bis Convention for EDF 8.⁵ A growing part of these funds has been reserved for special funds like STABEX and SYSMIN. To this, the funds from other budget lines should be added. It has been calculated that over the 13-year period from 1986 to 1999, € 30 billion was committed to ACP countries, of which almost 77 percent was provided under the Lomé Conventions.⁶ If we look at per capita aid, we see a growth in current Euros/ECUs, but a clear decrease in 'real' terms as far as the EDFs are concerned.

Over the years, the ACP countries' share in the total aid flow from the EU has fallen. The aid flow of € 30 billion between 1986 and 1999 accounted for 40 percent of all aid committed by the EC and 45 percent of all disbursements. The ACP countries were still the predominant aid receivers in the 1960s and 1970s. After these decades, other countries, mainly in the Mediterranean and in Eastern Europe, have replaced them. At the end of the 1970s, 10 of the 15 top receivers of EU aid were still ACPs. Twenty years

⁴ Cox and Chapman, 1999:36.

⁵ Throughout the text, € should be read as ECUs until the year 2000; and after that as Euros.

⁶ Cox and Chapman, 1999:51.

Table 7.1 EDF and EIB Budgets for Financial Cooperation with ACP Countries 1957–2000, in Millions of Current and Constant €

	1957 Rome Treaty EDF 1	1963 Yaoundé 1 EDF 2	1969 Yaoundé 2 EDF 3	1975– 1980 Lomé I EDF 4	1980– 1985 Lomé II EDF 5	1985– 1990 Lomé III EDF 6	1990– 1995 Lomé IV EDF 7	1995– 2000 Lomé IV-bis EDF 8
EDF								
Total	581	666	828	3,072	4,724	7,400	10,800	12,967
Grants ^a	581	620	748	2,150	2,999	4,860	7,995	9,592
Special Loans	-	-	-	446	525	600	-	-
STABEX	-	-	-	377	634	925	1,500	1,800
SYSMIN	-	-	-	-	282	415	480	575
Risk Capital	-	46	80	99	284	660	825	1,000
EIB ^b	-	64	90	390	685	1,100	1,200	1,658
Total EDF and EIB	581	730	918	3,462	5,409	8,500	12,000	14,625
Per Capita								
EDF 1 ^c	10.7	9.7	10.5	12.3	13.5	17.9	21.9	23.6
Per Capita								
EDF 2 ^d	62.9	50.3	41.2	31.5	22.6	24.2	24.3	23.6

^aInterest rate subsidies, regional cooperation assistance, structural adjustment support out of Lomé IV included; also humanitarian assistance (emergency and refugees) from Lomé IV-bis.

^bCeiling set by the EIB Board; total ceiling amount never disbursed.

^cIn current €.

^dIn constant €.

Sources: Grilli, 1993:99; *The ACP–EC Courier*, Special Issue, January–February 1996.

later only five of them were on this list; seven top receivers could be found in the Mediterranean and the Middle East.⁷

Looking at the distribution of Lomé aid across countries and regions, Sub-Saharan Africa (SSA) is by far the biggest region in the group, both in terms of aid received and of population. A total of € 18.5 billion was allocated to SSA, which represented 78 percent of commitments made between 1986 and 1998. During the same period, Caribbean and Pacific ACP countries received 6.2 percent (€ 1.5 billion) and 3.7 percent (€ 876 million) of all aid, respectively.⁸ Additionally, € 1.6 billion or 6.7 percent of the ACP aid represented regional assistance (to regional groupings in West Africa, Southern Africa, Indian Ocean, and others). The remaining € 1.3 billion—or 5.4 percent—could not be allocated by country or subregion.⁹

Commitments to Africa showed a substantial variation around 1990: at € 491 million in 1986, a steep increase to € 2.3 billion in 1988, a fall to € 1.0 billion in 1990, and again an increase to € 2.7 billion in 1994. These fluctuations partly reflected a lack of agreement on STABEX disbursements, because aid rose again in 1994 when STABEX funds for both 1993 and 1994 were committed. In 1998, commitments to SSA stood at nearly € 2.5 billion and were thus quite close to their 1994 high.

One can observe comparable fluctuations in the Caribbean and the Pacific, but the reasons were partly different. In the Caribbean, commitments increased from € 49 million to € 137 in 1989, but declined to € 74 in 1990, and rose again to € 292 million in 1993. Afterwards, flows rose significantly, up to € 403 million in 1996 before dropping to € 150 million in 1998. The steep increase can be explained by the inclusion of Haiti and the Dominican Republic in the ACP group during Lomé IV. The Dominican Republic accounted for 35 percent and 26 percent of all aid to the Caribbean in 1992 and 1993, respectively, while commitments to Haiti represented around 26 and 32 percent in 1994 and 1995, respectively. In the Pacific, aid allocations started at € 27 million in 1986, rose to € 127 in 1988, dropped to € 54 million in 1989, and further to € 35 in 1992, before it increased to € 128 in 1994.

The main beneficiaries of EC aid to the ACP group over the years have been countries of SSA (Table 7.2). A minor exception here is Papua New Guinea, which ranks 22nd during the entire period. Jamaica and Haiti appear

⁷ OECD (several years).

⁸ This is with inclusion of the Caribbean and Pacific OCTs, which did receive, respectively, around 8 percent and 11 percent of all Lomé aid to those regions.

⁹ Figures in this paragraph are derived from Cox and Chapman, 1999:46–47. The figure ‘not allocated’ is largely due to the fact that, for EDF 5, there is no country or regional breakdown available. Over the years, this figure goes down to € 2 million in 1995.

in the top 15 of ACP aid receivers for 1996–1998.¹⁰ The top 15 recipients account for 45 percent of all commitments made to the ACP group between 1986 and 1998. The main recipients of EC aid to SSA over the period in question are Ethiopia (consistently at the top), Côte d'Ivoire, Mozambique, Cameroon, and Nigeria. The main recipients in the Caribbean ACP region have been Jamaica, Haiti, the Dominican Republic, and Trinidad and Tobago, which together account for 59 percent of all aid to the region between 1986 and 1998. Papua New Guinea, where around 70 percent of the region's population lives, accounts for 56 percent of total commitments to the Pacific, followed by Solomon Islands (9 percent).

Shifts in the main beneficiaries among the ACP and Overseas Countries and Territories (OCTs) have been modest over the period (Table 7.2). Changes in the top 15 countries occur mainly because of a decrease in aid following suspension (e.g., Sudan) or an increase in aid as a result of a crisis (e.g., Rwanda, which ranked in the top 2 during the first half of the 1990s), or because of rehabilitation and post-war reconstruction (as in the cases of Mozambique and Angola).

It should be noted that the EU—not counting the member states—is the largest single source of foreign aid in many ACP countries. In general, EU aid is more than 10 percent of the total aid volume in ACP societies. This means that the EU often is the most important donor, together with the World Bank. This holds for smaller ACP countries in particular. They receive a relatively high proportion of EU aid and they mostly have only a few donors.

The main issue concerning Lomé aid is the large difference between commitments and disbursements. The exact rate of disbursements is difficult to calculate, but more general figures do give an indication. During the 80s and 90s the ratio of disbursements against commitments has been improved. Disbursements were 46 percent of commitments in the five-year period 1986–1990. This share rose to 64 percent in the period 1991–1995.

This increase was partly due to the introduction of fast-disbursing forms of aid like program aid. It meant that over the whole period from 1986 to 1995, more than € 5.2 billion in committed aid was not disbursed (€ 23.8 billion was committed, but only € 18.6 billion was disbursed), which represents 21.9 percent of total committed aid.¹¹ Over the period of 1986 to 1998, the figure is slightly better: 18.1 percent.¹² Undisbursed aid accounted for 27.5 percent of aid committed to SSA. For the Caribbean, the Pacific, and the regional funds, these

¹⁰ Jamaica was even in the overall top 15 of aid receivers from the EC (OECD:1999).

¹¹ Cox and Koning, 1997:47.

¹² Cox and Chapman, 1999:51.

percentages were 36.1, 24.5, and a high 42 percent, respectively.¹³ It means that large volumes of aid go unspent and residuals are finally transferred to new EDFs over time.

Table 7.2 Top 15 recipients of EC Aid to ACP Countries, 1986–1998, Share of Total Aid Committed, in Percentages

1986–1990		1991–1995		1996–1998	
Ethiopia	5.7	Ethiopia	6.1	Ethiopia	10.4
Côte d'Ivoire	5.5	Rwanda ^a	4.1	Malawi	4.3
Nigeria	4.1	Mozambique	4.0	Zambia	3.3
Sudan	3.4	Côte d'Ivoire	3.6	Mali	3.1
Cameroon	3.2	Cameroon	3.4	Mozambique	3.1
Kenya	3.2	Zambia	3.2	Jamaica	2.8
Senegal	3.1	Uganda	3.1	Madagascar	2.8
Mozambique	3.0	Tanzania	3.0	Ghana	2.8
Guinea	2.6	Zimbabwe	2.7	Angola	2.5
Tanzania	2.5	Angola	2.7	Guinea	2.5
Zaire	2.4	Sudan	2.6	Tanzania	2.5
Mali	2.1	Nigeria	2.6	Uganda	2.3
Malawi	2.1	Burkina Faso	2.5	Haiti	2.3
Niger	2.0	Kenya	2.4	Sudan	2.3
Uganda	1.9	Guinea	2.4	Côte d'Ivoire	2.2
Top 15	47.0	Top 15	48.5	Top 15	49.3

^a In 1991–1995, € 259 million of emergency assistance went to the Rwandan crisis. Some of this aid may have benefited Burundi, but the data do not allow differentiation.

Source: European Commission/Overseas Development Institute.

Looking at the sectoral allocation of EDF aid, we can observe several trends. Over the years, spending in productive sectors—agriculture, manufacturing, and mining—is decreasing. This sector received about 14 percent over the years 1986 to 1998, coming down from a high of more than 20 percent in 1989. This was partly due to the fall in STABEX and SYSMIN transfers. Economic infrastructure is the single most important sector for project aid, and its share is increasing. For example, more than 20 percent was used for

¹³ This overall figure is mitigated by the fact that a large volume of unallocable funds from EDF 5 appear in the statistics, which have a disbursement rate far above commitments. (Cox and Chapman, 1999:51; Cox and Koning, 1997:46).

roads in 1998. In comparison, the allocation to social sectors has always been relatively low, not more than 7.5 percent over the period. This is also true for cross-cutting or multi-sector projects, like environment and women in development; these projects received 8.9 percent, of which more than 60 percent was for rural development.

Non-project aid has been doubled over the years to 43 percent of total allocations in 1998. This is mainly caused by the growing volume of program aid, which went up to more than 30 percent of the total in 1998. Smaller proportions of non-project aid went to food aid and humanitarian assistance, although the latter was sometimes as high as 22 percent of the total in years of catastrophes (e.g., the 1994 Rwandan crisis). Only a very small share (1.6 percent) of the non-project aid allocations went to NGOs between 1986 and 1998.¹⁴

At the beginning of this section, the *acquis* of EU development cooperation was introduced. The question can be asked, whether the practice of EU aid implementation meets the high standards of the *acquis*. To begin with, the distribution of aid presented above showed that this was by no means 'politically neutral'. In effect, from the beginning onwards, the main recipients were the (former) colonies of the EC-six, later extended to part of the former colonies of the U.K. The exclusion of other least-developed countries did bring the Community's aid program under the nominator of 'continuation of colonial patterns'¹⁵ or even 'collective clientelism'.¹⁶ It meant, among other things, that Francophone African countries were clearly receiving a larger part of the cake than other (Anglophone) countries.¹⁷

Also, the claim of 'additionality' can be questioned. On the one hand, it is clear that ACP countries receive more than other least-developed or developing countries, because of their special status as partners in the Lomé Conventions and Cotonou Agreement. It is suggested that the conventions brought EU member states to higher aid volumes because they had to spend a fixed percentage on EDF. At least it caused some member states, like Belgium and the United Kingdom, to spend much larger volumes on multilateral aid than on bilateral aid.¹⁸ On the other hand, we see that part of total EU aid committed to Lomé and Cotonou went down over the years. During each negotiation on

¹⁴ Cox and Chapman, 1999:52–54 and Cox and Koning, 1997:48–50.

¹⁵ Grilli, 1993:125–127.

¹⁶ As the title of Ravenhill's book (1985) suggests.

¹⁷ Grilli, 1993:97.

¹⁸ One would suggest that donors with high aid volumes would spend relatively high volumes also on multilateral aid, because of the humanitarian character of their aid programs. In fact, obligatory contributions to multilateral organizations, like the ones to EDF, caused (in the European case) donors with relatively small aid volumes to spend a large part of it on multilateral aid.

renewal of Lomé, including the negotiations of the Cotonou Agreement, there was pressure on the EU 'to globalize its Lomé policy'.¹⁹ In particular, the small growth of the EDF after the first enlargement of the EU (with the accession of the United Kingdom), and the diminishing per capita aid could be seen as signs of 'decreasing additionality'.

The third and last element of the *acquis* is said to be the joint-management rules that are contained in the Conventions and should be seen as a symbol of the 'partnership'. 'Partnership' is stressed more than once in all relevant documents and speeches. Although it is true that the first conventions were innovative and experimental in leaving a large part of the initiative to the beneficiaries, one could state that, in practice, these ambitious goals were never attained. This is mainly due to the complex decision-making process in, what finally is the center of gravity, Brussels, to which we will turn in the following section.

3. Decision-Making on Lomé and Cotonou Aid Programs²⁰

Two Regimes

According to Article 179.3 of the EC Treaty, cooperation under the Convention falls outside the scope of the procedures set for EU development policy. This is largely due to the fact that the Convention, and now the Cotonou Agreement, is not financed by the regular budget of the EC.²¹ Internal Agreements on the financing and management of EDF aid, concluded by the Council of Ministers of the EC, underpin the policy formulation process on the EC side. These agreements provide for a weighing of votes in the Council of Ministers, which is different from the regular EU one. In the EDF framework, the weight of each member state in qualified majority voting depends on its contribution to the EDF. The Internal Agreement also establishes the EDF Committee and stipulates the contributions of each of the member states to the EDF, which were agreed at the time of the signing of the Financial Protocol.

The regular EU aid system and the EDF have different principles that govern the preparation of projects and financing decisions. The determination of

¹⁹ Grilli, 1993:97.

²⁰ This paragraph is largely based on Hoebink/Koulaïmah (1998), which was part of the larger evaluation of the Lomé Convention, and on interviews in Brussels in February 2002. In 1998, officials of DG VIII (now DG Dev), of the Council Secretariat, and of the Permanent Representations of the most important member states in Brussels were interviewed, as well as officials of the ACP Secretariat and ACP Embassies. In February 2002, some additional interviews were conducted in DG Dev, at the EuropeAid Cooperation Office, and with some of the Permanent Representations.

²¹ Giaufret, 1999:144–153.

the volume of aid granted under the EDF is separate from the regular EU budget. This means that the European Parliament is excluded from the process, and that the EDF does not obey the EU budget regulation. This is the reason for the existence of a separate Internal Agreement. From the EU side, decisions on the aid program are the responsibility of the European Commission (subject to approval by a thematic committee or by the EDF committee, in certain circumstances related to levels of expenditure). However, under the National and Regional Indicative Programs, the initiation, participation, and approval of the recipient country are required. The EDF also has two further characteristics: once the funds are allocated to the various instruments and national or regional indicative programs, the commitment of funds can start without any limits. In the budget, on the other hand, commitment of multi-annual funds is subdivided in yearly allocations. The second characteristic is the unlimited nature of the EDF. Whereas unspent appropriations under the EC budget are lost, this is not the case for the EDF, which only expires only after the utilization of all funds. The pressure on Commission services to commit and disburse funds in a quick manner is, therefore, less acute on those in charge of EDF than on those responsible for budget lines.

Although the Lomé and Cotonou Conventions do not come under the EU budgetary system, they are submitted to a number of EU controls. First of all, the Court of Auditors is also responsible for auditing the implementation of the European Development Fund. Second, the European Parliament discusses, on an annual basis, whether to discharge the Commission for its spending under the EDF. The EP refused to do so for 1994.

The existence of two separate systems can be problematic for ACP–EU policy formulation in two respects. First of all, there are certain elements in the EDF procedures leading to inefficiency, lengthy processes, and lack of EP involvement. On the other hand, however, the EDF system of the Lomé Convention has certain positive characteristics, which the EC budget does not have (such as participation of the recipient in the policy-making process or predictability of finance). Second, the two systems have been intertwined from the moment that the EU had its own development policy formulation process, which also affects ACP countries. Indeed, the general principles of Title 20 EC Treaty also govern the Lomé and Cotonou Agreements. Although they were integrated in the revision of Lomé IV in 1995, they remain of EU, and not joint ACP–EU, inspiration. The content of resolutions on crosscutting themes such as poverty, gender, or environment are supposedly applying also to cooperation with the ACP countries, although the ACP side did not participate in their formulation. This causes a pre-emption of joint formulation processes. Inconsistency also occurs if an ACP country is recipient of both EDF aid (with

all the corresponding joint management) and EU aid (with separate management and financing rules).

Decision Making and Aid Management by the EU

On the EU side, the Commission is responsible for initiating legislation and executing the development policy of the EU. The conduct of external relations is shared between three Directorate Generals (DGs)—External Relations, Development, and Trade—which is down from five in the previous Commission. Relations with the ACP countries are the primary responsibility of the DG for Development, although other DGs implement policies that affect ACP countries directly. They include the DG for Trade (which is responsible for trade and the WTO), ECHO (which carries out emergency aid to the ACP), as well as other sectoral DGs like the DG for Fisheries (which negotiates fishery agreements with the ACP), or the DG for Agriculture (which takes care of the food aid and the banana portfolios). The DG for Development, itself, is responsible for general development issues and for cooperation with the ACP countries. Its first task is to generate horizontal development policy guidelines (such as gender or poverty) that will be adopted by the Development Council of the EU.

At the level of execution of policies, the services of DG Development, both instrumental and geographical, and the delegations of the Commission in the field, implement the policies under the scrutiny of committees composed of member states' representatives and chaired by a Commission representative. For aid under the Lomé Convention, the responsible committee is the EDF Committee. It meets once a month and scrutinizes EDF projects above a certain level of expenditure (2 million Euros under Lomé IV-bis).²² Recently, after the signing of Cotonou, the task of the committee was expanded with more strategic issues, in order to lessen micromanagement by member states. Already under Lomé IV-bis, the first discussions have taken place about the mandate for the negotiations on the National Indicative Programs (NIPs). In the programming phase, the EDF Committee now discusses the various national programs—the Country Strategy Papers (CSPs) that include the NIPs. Furthermore, it was agreed that midterm reviews of CSPs and NIPs would be discussed. In exchange, the ceiling for projects to be discussed in the Committee would be lifted.²³ The EDF Committee draws its existence from the Internal Agreement.

²² Ninety-five percent of EDF projects were above this ceiling.

²³ The ceiling was lifted to € 15 mln or 25 percent of the NIP, but between € 8 and 15 mln the written procedure would be followed, which gives member states the possibility to ask for an oral procedure within the EDF Committee. Some people within DG Dev are of the opinion that, through this new

Its voting modalities reflect the member states' contributions to the EDF.²⁴ A favorable vote consists of a weighted majority or a minimum of six (EDF 7) or eight (EDF 8) member states. Member states' representatives come from the Ministries of Development Cooperation in the capitals. All of them are junior staff members, intervening on the basis of clear-cut instructions.

In the framework of a research project, officials participating in the EDF Committee were interviewed. According to some of them, particularly inside the Commission, the EDF Committee is not relevant for the improvement of quality of the projects and project cycles, and is not a prerequisite for quality. The EDF Committee is considered a tribunal at the end of a process, a formal obligation. Some of the interviewed people describe most of its activities (95 percent) as ritualistic. This is because most questions that are asked by the member states' representatives are thought to be irrelevant or even absurd (one-fourth not in accordance with guidelines, one-fourth based on national interests, one-fourth already present in documents or absurd, and one-fourth idiosyncrasies of individual member states or individuals in member states' delegations). A clever chair might manipulate relevant questions: 'Good questions could be submerged easily by good manipulation by the Commission'. Most of the time, the same type of questions come from the same people. All the delegates have to report back and are supposed to make a certain set of remarks for the minutes only.²⁵ An analysis of EDF Committee minutes over four years shows that almost all (nearly 90 percent of the) projects have been directly accepted in the EDF Committee. Nevertheless, some member states see the EDF Committee as a 'police officer'. Its mere existence is thought to have a beneficial effect.

The Council of Ministers is the decision-making body of the EU. The Presidency of the EU—which rotates over the member states on a six-month basis—and the General Secretariat of the Council prepare the work of the Council. Each presidency wants to put forward certain priorities and achieve results before the end of its term. Priorities may change from presidency to presidency. The interviews make it clear that it is seen as much easier to change priorities, than to change actual implementation. A successful Presidency is said

²⁴ This leaves France with the largest number of votes (52), with Germany at second place (50). The United Kingdom and Italy (both 27), together with Spain (13), have a relatively low number of votes; the Netherlands a rather large number (12). Ireland and Luxembourg have two and one vote, respectively.

²⁵ The 'biases' of the member states were said to be: United Kingdom (considered to be the best prepared in all kinds of topics)—poverty, macroeconomics, governance, transparency; Denmark—gender; Netherlands—ownership of reforms; Sweden—environment, gender, poverty, ownership; France—very difficult to define, depends on country; Germany—depends on which ministry is involved, there are struggles between Finance and GTZ, but sustainability and decentralization are important themes; Italy, Spain, and Portugal do not seem to have a real policy line, only coordination with bilateral aid is of concern; Belgium—only interested in a few countries.

to coordinate its program and objectives very early with the Commission and in a flexible way. If the Commission does not agree on certain issues, it could keep the Presidency pending, and come out with a weak document. In this sense, the Commission is seen as a chess player, able to strategically play around as different member states and different Presidencies have different priorities.

Various Council working groups deal with developing countries. They work on the basis of proposals by the Commission, and report to the Committee of Permanent Representatives (Coreper). In the Council working groups, member states are represented by individuals on the staffs of their delegations in Brussels. In general, these are middle-level diplomats who mostly cover several groups: the Development Cooperation Group, ACP Group, ACP-Fin Group, and—within the CFSP framework—the Africa Group and South Africa Group. ACP-Fin mostly has representatives from the Ministries of Finance and, on special occasions, from Ministries of Trade. The Scandinavian countries used to send representatives from Ministries of Development Cooperation as well. The Northern European member states are considered to have a development lead, the Mediterranean to have a trade emphasis.

On the EU side, the ACP group prepares the agenda and the EU positions for joint ACP–EU meetings. The ACP-Fin group deals with financial issues: the annual report of the Court of Auditors, the Statement of Assurance, the EDF calls for contributions, the preparation of the Joint Development Finance Committee, issues such as debt relief for highly indebted poor countries (HIPC); as well as the reporting of the Commission on contracts and their allocation over the member states. Apparently, member states are curious about knowing their rate of return from the EDF: the ratio between orders from, and contributions to, the EDF. Those who put forward most questions or complaints are Spain (often) and Italy (sometimes), whereas France and Belgium seem satisfied. In recent times, Germany has put a lot of emphasis on its rate of return.²⁶ Some member states are said not to favor sectoral or structural adjustment, because it could hurt the amount of orders they get out of the EDF.

The Development Cooperation Group, as well as the ACP Group, typically meets once a week. The agenda is mostly filled with reports on ongoing business, preparation of meetings, and drafting regulations and conclusions. In the framework of the post-Lomé IV negotiations, a Lomé ad hoc Group has been set up to discuss the mandate of the Commission. It meets very frequently, with active participation of Coreper development specialists and representatives

²⁶ In the case of Germany, this is quite predictable, since this country receives considerably less orders from the EDF than its contribution. France and, particularly, Belgium score well above their contribution, but Italy does as well (with, e.g., a score of 23 percent of member states orders under EDF-VII and a contribution of 13 percent). Spain only slightly underscores its contribution.

from the capitals. For the negotiations with South Africa, a separate group existed that monitored the negotiations.

The ways in which member states operate in these groups show substantial differences. Some member states adequately coordinate the preparation for the different groups in their capitals and treat development cooperation as an integral part of foreign policy. Other member states are said to have little or no vision on development policy. They are in the lead, or try to get control through other ministries such as Trade and Agriculture, rather than through Development Cooperation. In general, this is seen as a North-South divide, with some discussion whether Germany belongs to the 'South' or to the 'North' (since, for example, on trade issues, Germany does not show a development lead). Southern member states are known to defend their agreed upon national position, which obviously is a compromise between various national interests. These differences seem to overlap with member states' differing perceptions of the Community. If member states have an efficient bilateral program, they are said to be extremely critical of the Commission. Other countries have a more pro-Community aid attitude. The Nordics are seen as attaching greater importance to the UN system. If there were, for example, a discussion on coordination, they would not leave that to the Community, but bring it up to a higher level. France and the U.K. are described as clearly the most influential member states with regard to Lomé. Many interviewees see the Commission as an instrument of Paris and London: 'Brussels is not as multilateral as many people think; it doesn't have a real multilateral mix. In reality, it is a bilateral instrument for France and the UK'.

The link between Committees and Council Groups has been criticized for its weakness. The reason may be that the Committees are there to assist the European Commission in its execution function, which includes programming, but not to be a 'translator' of the EU Council of Ministers' resolutions into concrete guidelines. The member states, themselves, should secure this link. Some think that project proposals for the EDF Committee should be obligatory literature for the members of Council groups. Member states could also force the Commission into the direction they prefer by co-financing, it is said, but this is a very difficult and time-consuming process, so a well-coordinated intervention in the Committees could have a more direct and larger influence.

Council resolutions are not seen as important. This is due to, first, bureaucratic reasons: people in the Council working groups do not relate or speak with people in the EDF or Food Aid Committee. However, it is said that in recent strategic discussions, more bridges have been built. There is also a follow-up problem. The rate of compliance with resolutions by the Commission, translating them into policy guidelines and implementation, is said to be very

low. The Commission is seen to have problems with its actual follow up capacity. The main cause is understaffing—less staff per unit of budget than some other donors—and management problems; a lack of technical advisors (understaffing in cross-cutting issues such as social development and gender, in particular); and a staff that is described as being too gray, not in the gerontological sense, but in vision and leadership. Second, most resolutions are not internalized by the national level, even if they are supposed to apply to the EU and bilateral levels. This probably relates to a lack of coordination in the member states. Third, some people think the member states are not trying to get their views accepted at the right level and that they should go more upstream. Member states should, in this view, give a sensible input to policies, management, procedures, approaches, and not be involved too much in micromanagement of projects. This should mean rebuilding confidence and improving the relations between the Council and the member states. Fourth, some see Council resolutions as unimportant because of the division of power. It is stated that the development policies of the Northern European countries—Germany, Denmark, and the Netherlands—are not reflected in the EU-development policy: ‘In some words it might be found, but not in deeds and practice’. This means, according to this view, that in the final analysis, the Council Groups have very little or no influence. Actions or resolutions have no influence, because the Commission overruns them. The Council Groups are said to be constantly operating on the sidelines. They concentrate on issues such as poverty and gender, not on the real issues at stake in Lomé or Cotonou (like trade).

Within the European Parliament (EP), the Development Committee is responsible for development policy and the relations with the ACP. It prepares reports on the various aspects of EU development policies for the EP plenary session that then adopts final resolutions. Though formally not in a position to exert much control on the ACP–EU cooperation, the EP is seen as an institution that can influence policy formulation, be it in a limited way. It can play this role by pushing the Commission, through its direct and informal links with ACP countries and through working with NGOs in this field. The staff of the Commission sees the EP as an ally and ‘opinion former’. The influence is seen as depending on the abilities of individual MPs, their interests and charisma. Through informal contacts, the Commission is strengthening these links. More recently the Parliament has been pushing the Commission through resolutions on the aid spending in social sectors.

ACP Common Institutions for Financial Cooperation

On the ACP side, there is the Committee of Ambassadors, which is not dealing very much with aid issues, and the ACP Secretariat. The ACP Secretariat is not an executive organ; it is only an advisory body to, first, the Committee of Ambassadors, second, to the Joint Assembly, and third, to the Joint Ministerial Committee. It has a specific mandate for its advisory role. The ACP Secretariat interrelates with the Commission, the Council, and the Joint Secretariat. It has regular meetings on technical issues in the joint groups and committees. It communicates with the Commission on a mixture of technical and administrative subjects that are discussed in the Joint Assembly, and it has an advocacy role towards the EU member states. With the ACP states, it deals mostly on project issues—25 to 33 percent of its time is said to be spent on these project issues.

There is a negative opinion on the ACP Secretariat by most of the people interviewed. It is seen as undisciplined and uncoordinated. Half of the personnel is said to lack the expertise needed. Too many nominations are thought to be politically motivated. Furthermore, its facilities are considered to be inadequate. There are also linguistic problems. Some think that the Secretariat is very dependent on the Ambassadors, which makes it very complicated to draw agendas and set meetings.

The conclusion is that the policy formulation cycle on aid is complex, both in the past under Lomé and now under Cotonou. It is complex by nature and reflects the complexity of the EU itself. In the area of development policy, this complexity is enhanced, by the following factors: the coexistence of national and EU policies, which are supposed to be complementary and coordinated partly through common guidelines; the coexistence, within the European development policy, of two financial and procedural systems—the budget/EC Treaty which provides for a relatively important role for the EP, and the EDF system with its own rules of procedure; the coexistence of a unilateral development policy defined strictly within the EU framework; and a contractual development policy embedded in the Lomé and Cotonou Conventions and which is characterized by decision-making in joint institutions. This complexity is nurtured by a fragmented EU development vision, which was stated in the Maastricht Treaty, but absent in the policy formulation cycle. The policy output seems to obey a logic of constant compromise seeking and bargaining between the member states, whilst the Commission does not take (or is not allowed to take) sufficient lead in the definition of such a vision. Hence, there is an overall impression of

incoherence and absence of clearly defined priorities, which is also due to the lack of interconnectedness between Council Groups and Committees.

4. Other Aspects in the Evaluation of EDF Aid Programs

Apart from the issues discussed in the last section, other aspects were raised in an evaluation of EU aid to ACP countries.²⁷ This evaluation, covering the period 1996–1998, was amply used in the negotiation of the new agreement. Two main principles were supposed to dominate the implementation of the Lomé Conventions from the start—partnership and predictability. In the first phase of the evaluation, based on an analysis of existing documents, it was already concluded that ‘the history of Lomé is one of a slow retreat from these principles’.²⁸ The conclusion was that with each new convention, new conditions were added to the provision of aid. First, the policy dialogue; later, prior agreement on the structure of expenditure (the requirement for sector programs) and tighter financial controls; and finally, new priorities, from poverty reduction to environment and gender, and the insistence of reforms. In this, it was stated, the EU moved in parallel with other donors, although with some time-lag due to the five-year periodicity of the Conventions.

Furthermore, it turned out that a proliferation of objectives was visible. Poverty reduction was stated to be the primary goal of the cooperation effort, but in Lomé IV-bis democratization and human rights were given central roles. The focus of aid policy was further shifted away by new instruments, Council resolutions and special budget lines. Transparency and accountability were considered to be limited. Donor coordination, even between European donors, was stated to be weak.²⁹

It turned out to be very difficult to say anything on relevance, efficiency, effectiveness, and impact of the aid to ACP countries on the basis of existing documentation. For that reason, the conclusion was drawn that both the Commission and the ACP governments were more driven by inputs than by objectives or results.³⁰ The impact on the priority objectives of poverty reduction, good governance, and the protection of human rights was called ‘limited’. Some targeted programs did have some effects on a local level, but often with high administrative costs. It turned out that physical outputs were much easier to obtain than policy-based returns. It led to the main conclusion, in the second phase of the evaluation:³¹ If the European Community is to help

²⁷ ADE, 1997 and Montes, 1998.

²⁸ ADE, 1997.

²⁹ Montes a.o., 1998: ii and 28–30.

³⁰ ADE, 1997: iii and 54–56.

³¹ C. Montes a.o., 1998:i.

in meeting the OECD development targets—especially that of reducing by half the proportion of people living in extreme poverty by the year 2015—and if it is to build a new partnership with ACP countries, EC aid programs must be result-oriented.

The reasons for this performance could be found, according to the evaluation, in the small capacity and low commitment of ACP governments, and in the weak coordination and weak management by the Commission. The approach of aid ‘entitlement’, which was still preeminent during the Lomé period, meant that all ACP countries did have a right to aid. Selectivity appeared in Lomé IV and Lomé IV-bis, but conditionality still has a low priority compared to the right to aid based on poverty and other criteria. In a co-management enterprise, weak governments have a larger influence on aid outcomes than in a situation in which donors have the ability to look for other channels to provide aid. Weaknesses in the Commission’s management were found to be caused by staffing problems and administrative and policy constraints imposed on the Commission.³² Staffing problems are partly caused by the low numbers of staff that the Commission can employ.³³ There is a clear shortage of in-house specialists. New policy initiatives by the Council expanded the agenda and, thus, the administrative burden. Enhanced administrative and financial controls were put on top of this. Fragmentation of the aid bureaucracy and unclear procedures did not help to solve these problems. In sum, the EU aid administration was overstretched, which led to insufficient project preparation, large time-delays, insufficient monitoring of performance, and low flexibility.³⁴

The assessment of projects, program aid, and aid to sector programs shows more mixed results. With regard to sectoral spending, it was already concluded in the first evaluation of existing documents that spending for infrastructure was a basic constant, but that it gradually changed from financing individual projects to the support of overall infrastructure programs. Rural development acquired a first place in Lomé III, but was relegated to a lower position after a general failure of integrated rural development programs. This resulted in a shift to social sector programs. In the social sectors, changes were observed: a shift from higher education to

³² *Idem*, ch.3.

³³ Already for a long time, member states have put a ceiling on new recruitment of Commission staff. The Commission had 2.9 staff members per \$ 10 million of ODA in 2000. Only the Netherlands was lower among the member states, with 2.4 staff. To compare: the Netherlands has 800 staff members for a budget that is not much smaller than the United Kingdom’s aid budget, while the U.K. has 3200 staff members.

³⁴ C. Montes a.o., 1998:40–52.

primary education, and from projects, via support for programs, to a focus on policies.

The physical outcomes of transport projects clearly were the most concrete signs of success. 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 areas where EU aid performs best. However, road maintenance and the financial sustainability of these projects appear to be rather weak, as it was only recently that attention was paid to institutional weaknesses in this respect in ACP countries. Projects in rural development and agriculture, in general, produced uneven results, due to the constraints in this sector and to the large dispersion of funds over many activities. In health, the EU has been involved in a series of innovative programs recently, after it shifted away from curative services and specialized activities. Support to industry was limited and generally not very successful.³⁵ Food aid and STABEX support, in general, led to negative comments. STABEX was once hailed as an innovation that 'should remedy the harmful effects of the instability of export earnings'. In the way it was mostly used, it was a form of budget or balance of payments support.³⁶ STABEX was severely criticized in the evaluation report. Before 1990, STABEX funds were used to finance inadequate projects, but supported the stabilization of export earnings to at least some extent. After 1990, when conditionality was introduced through the 'Framework of Mutual Obligations', the monitoring of activities improved, but the delays in disbursements seriously hampered the effectiveness in terms of stabilization. This effectiveness was limited anyway by the size of STABEX. It did not have a clear effect on sector diversification either.³⁷ SYSMIN, much smaller in financial terms than STABEX, financed rehabilitation of mines and transport links. Since these activities could just as easily be paid out of regular aid funds, the pre-evaluation argued that 'the maintenance of SYSMIN as a separate instrument [can be] hardly justified'.³⁸ So it was no surprise that the Commission concluded in its Green Paper that the two instruments were 'ill-suited' in the present context of cooperation. With a reference to the complicated management procedures, the Commission

³⁵ Although no recent evaluations of CDI and EIB were available (*idem*, p.22).

³⁶ There were three main recipients of STABEX: Ivory Coast, Cameroon, and Ethiopia. Uganda, Kenya, and Papua New Guinea were in the second echelon. Together, these countries received more than half of the STABEX funds in the nineties.

³⁷ Montes, 1997:21 and ADE, 1997: annex 2.

³⁸ ADE (1997: annex 3).

pleaded for one overall financial package, disbanding all separate instruments like STABEX and SYSMIN.³⁹

In sum, the recent evaluations of EU aid to ACP countries were quite negative on the efficiency and management of the funds by the Commission. But a deeper look at actual spending and at the project level did not show large differences between EU aid and aid of other multilateral and bilateral donors in the same sectors. The same sectors seem to be 'difficult' for all donors, and with its emphasis on physical outputs, the Commission's aid performance might be comparable to that of most other donors. One could draw the following conclusion, as observed by Philip Lowe, then Director-General of DG VIII:⁴⁰

In effect, the recipient countries did not spend sufficient aid and, when they did, they did so at the detriment of all economic logic. Spending on prestigious projects got priority over the programs for the struggle against poverty. At the other hand, Europe restricted itself primarily to disbursing aid and did not worry so much on the utilization of the money. The procedures were slow and did not engage sufficiently the recipients.

5. A Comparison of the Aid Paragraphs of Lomé and Cotonou

A first major difference between the aid paragraphs of the Lomé Conventions and the Cotonou Agreement is in the amount and types of aid. Compared to Lomé IV-bis, the volume of (new) aid grew with just a bit more than half a billion Euros (Table 7.3). The total amount of € 25 billion looks impressive, but this is because of the leftover of € 9 billion from previous EDFs. In fact, aid per capita went down from € 23.6 to € 21.2.⁴¹ Of this new aid money, € 10 billion is meant to finance long-term development projects and programs as proposed in the NIPs.

More changes have been made in the types of aid. Under Lomé there was:

- (a) programmable aid (the major part of the portfolio, distributed along country and regional lines through national or regional indicative programs);
- (b) non-programmable aid (such as STABEX, SYSMIN, humanitarian aid, and structural adjustment support); and
- (c) loans (via the EIB for enterprise development).

³⁹ European Commission, 1996: xiv, 15–16.

⁴⁰ Interview with L'Intelligent/Jeune Afrique, No.2062, 18 au 24 Juillet 2000. Translated by the author.

⁴¹ In current €. Own calculations on basis of figures in *The ACP–EU Courier*, September 2000.

Each of these three instruments was programmed via its own methods and procedures. Although the major part of aid was provided via the NIPs, it still meant that it was very difficult to come to a coherent strategy in which the aid instruments were connected to each other, but also to trade and other relations.

In the Green Paper for the negotiations on the new Convention, the Commission made it quite clear that it wanted to simplify the aid instruments. Through this simplification, the Commission not only hoped to attain more possibilities to come to coherent strategies, it also hoped that it could speed up the disbursement of aid to acceptable levels and, thus, respond to one of the main criticisms of the member states.

In the Cotonou Agreement, there is one single grant facility left, next to an investment facility (via the EIB). This means that STABEX and SYSMIN vanished as specific instruments, although Article 68 opens the possibility to give additional support 'to mitigate the adverse effects of any instability in export earnings'.⁴² This is also mentioned in Article 60 under the 'scope of financing'. Furthermore, debt reduction and humanitarian assistance are integrated in this grant envelope, with specific chapters in the financial part of the agreement (Part IV). New is support for sectoral policies (Article 69) through all kinds of aid instruments. Under this sectoral policy support, there is also room for financing 'thematic and cross-cutting issues', like environment and gender. It is also very important that the amounts left over from earlier EDFs, are consolidated in the new aid envelope, meaning that there will be no parallel programming efforts left from these EDFs.

These important simplifications should give the Commission and the partner countries large opportunities to rationalize the financial part of their cooperation. It brings the possibility to concentrate aid on a few sectors and to get rid of a whole series of projects in these sectors, and change that into budgetary assistance. The disappearance of STABEX and SYSMIN saves time-absorbing procedures and, thus, a fair amount of energy of the aid administration in the Commission and the ACP states can be used in a more coordinated effort. The formulation of Article 69 on sectoral policies is very broad and open, which leaves a lot of space for initiatives by the aid recipients and EU Delegations.

A second major reform introduced in Cotonou is a change in the programming process. At least on paper, consultations between the EU and each ACP government on the use of aid does get far more importance. The

⁴² All quotations out of the Cotonou Agreement are from the special issue of *The Courier* (September 2000). In Annex 2, the conditions and eligibility criteria are stipulated.

Table 7.3 Cotonou Agreement Financial Resources for 2000-2007

Overall amount = € 25 billion

Of which:

9th EDF = € 13.5 billion

consisting of:

Long-term envelope ^a	=	10.0
Regional envelope	=	1.3
Investment facility	=	2.2

Remaining balance from previous EDF = € 9.9 billion

EIB individual resources = € 1.7 billion

^a Including CDE (Centre for the Development of Enterprise) = € 90 million; CTA (Centre for the Development of Agriculture) = € 70 million; Joint Parliamentary Assembly = € 4 million. In addition to the € 25 billion allocated to ACP countries, a sum of € 175 million has been earmarked for the OCTs.

Source: Cotonou Agreement

new programming shows several changes (Annex IV).⁴³ First of all, the implementation of all operations (including trade and including a paragraph on 'coherence') is laid down in a Country Support Strategy (CSS). The financial cooperation is worked out in an indicative resource allocation covering a period of five years. Thus, the CSS will be translated into an Indicative Program that will gradually be rolled forward. It is planned that this rolling programming will be based on national development strategies, in particular, the Poverty Reduction Strategy Papers (PRSPs) and sectoral programs of the aid recipient. This is to promote 'ownership' and 'sustainability'. The CSS will also take into account the activities of other donors, in particular EU member states, so as to enhance the principle of complementarity in Article 180 EC Treaty. This should also lead to better fine-tuning of activities of member states and the EU Delegation. The regulations allow for changes in the NIP to make it more

⁴³ This means that the long Chapter 5 in the Lomé Convention is exchanged for a very small Article 81 and a long Annex IV with an elaboration of the implementation and management procedures, in six chapters and 37 articles.

flexible and quicker to disburse. The CSS can be updated and reviewed. In the process of formulating and reviewing the CSS, the EU Delegations have much scope for influence. They are the main negotiating partner of the local government. Furthermore, it is envisaged that non-state actors and local governments participate in the formulation process.⁴⁴ It all allows for a decentralized cooperation. This on-rolling programming would allow the Commission to distribute aid more according to performance; this orientation was introduced in Lomé IV-bis, which allowed for the disbursement of aid in tranches.

Other important changes include the Investment Facility and relate to technical assistance (TA). The Investment Facility replaces all risk capital and interest subsidies of the Lomé Conventions. It is worth € 2.2 billion and will function as a revolving fund for loans and risk capital for private sector development.⁴⁵ The articles on TA are clearly revised in the light of recent critique on TA. The new and revised articles aim at a better embedding of TA in local demands for expertise and the use of national consultants or intra-ACP TA.⁴⁶

Smaller changes allow for the direct financing of decentralized cooperation and of NGOs (Articles 57 and 58). The provision of budgetary aid remains possible (Article 61), but is tied to the conditions that public expenditure is sufficiently transparent, accountable, and effective; that macroeconomic and sectoral policies are established by the country itself and agreed to by its main donors; and that procurement is open and transparent.

The upshot of this overview is that although the volume of aid under the new EDF has not grown, ACP countries could possibly get more and quicker money out of this ninth EDF, because of a greater flexibility through on-rolling programming and the modernization of aid instruments. However, questions remain. One of them is whether authoritarian and non-democratic regimes in ACP countries will allow critical NGOs to get disbursements out of funds for their indicative programs. Little has changed here in the approval system, which leaves the last word with the local government.⁴⁷

⁴⁴ These negotiations with non-state actors also include the volume of financing that might go to proposals coming from these actors, since there is a ceiling of 15 percent of the first allocation that might go to non-state actors.

⁴⁵ See Annex II of the Convention for terms, conditions, and regulations.

⁴⁶ Based on a comparison of Chapter IV, Article 275, of the Lomé Convention, and Title III, Article 79, of the Cotonou Convention. Although not all sentences in the article have a stronger wording. Subsection h of Article 275, for example, stated that national human resource constraints should be taken into account in project and program appraisal. This was not included in the new article.

⁴⁷ Article 35 of Annex IV leaves the approval of all financial operations with the National Authorizing Officer (NAO) to be appointed by the government (mostly, the Minister of Finance); all this, of course, in close cooperation with the head of the EU Delegation.

6. Some Primary Results of Cotonou: the Country Strategy Papers⁴⁸

In March 2002, it was clear that there were already serious delays in the preparation of the NIPs for EDF 9. Only 58 out of 76 CSSs and related NIPs had been produced. The process of formulating these CSSs turned out to be much more time-consuming than expected. In principle, according to Annex IV of the Agreement (Article 2), the CSSs will be formulated ‘following consultations with a wide range of actors in the development process’. These actors involve organizations that represent civil society, the private sector, and local representatives of EU member states. The ACP government and the EU delegation will take the lead during the whole process. Furthermore, the CSS should be based on the national policy agenda, in particular on the PRSP, and should be an ‘open’ document, more than a negotiating mandate. This means that much more time is needed to produce the documents required than was the case under EDF 8. Fourteen months after the signing of the Financial Protocol, the first documents could be presented to the EDF Committee, compared to eight months under EDF 8.

It turned out that in many ACP states, European consultants were hired who prepared the draft CSS on the basis of an analysis of existing documents, comparisons with other donors’ involvement, and in principle also by consulting EU member states, civil society and private sector representatives. Then the draft CSS enters into the ‘Brussels machinery’ in which it is discussed in geographical units of DG Development and Europe Aid, and later with other DGs and the EIB. Only in a much later phase will it come back again to the ACP country to be discussed with the national government and member state representatives.

The new programming effort did not have a smooth start; at this stage it is not clear whether this is due to teething problems or if there are more structural problems. In any case, in Benin, as well as in Mali, complaints were heard on what was called the ‘solo activities’ of the EU delegation, which was under pressure to come up with texts. Several local representatives of member states and civil society organizations complained about the lack of consultation and participation in the entire process. They saw the process of drafting the CSS dictated by time constraints and a lack of genuine will to involve all actors.

⁴⁸ This section is mainly based on interviews with staff of the delegations and member states’ missions in Cotonou and Bamako in March and September 2001, and with Commission staff in February 2002.

Table 7.4 Distribution of Programmed Resources under EDF 9^a

Sectors	Programmed Resources (%)
Transport and Storage	31.4
Structural Adjustment/Program Aid	21.2
Government/Regional Integration	7.9
Water Supply and Sanitation	7.1
Rural Development	6.1
Education	6.0
Mineral Resources/Mining	5.3
Health	4.4
Civil Society	2.9
Multi-sector Basic Social Services	1.4
Agriculture	1.1
Food Aid	1.0
Business	0.9
Environment Protection	0.5
Trade	0.1
Culture	0.1
Nonspecified	2.6
Total	100.0

^a On basis of an analysis of 58 CSSs.

Source: European Commission, DG Development.

In February 2002, one CSS had been signed, 18 had been formally adopted by the Commission (most of them for African countries), and 27 had received a favorable opinion from the EDF Committee. At that time, 18 Country Support Strategies (CSSs) had been published in full at the Web site of the Commission. It turned out that the six new ACP states, in particular, had problems in producing their CSS, as well as countries with severe civil disturbances. At the end of August 2002, the EDF Committee and the Commission had approved 45 CSPs, of which 30 had been signed. There were 33 CSPs lacking, 21 of which were for African countries.

A first look at the (draft) CSSs indicates that under EDF 9, a major part of the aid will go to the transport sector. In the first 58 CSSs, 31.4 percent is programmed to be spent on this sector. Program aid for structural adjustment programs under the lead of the IMF and the World Bank is again an important aid sector. Rural development is the third sector in the list. As in the past, and in contradiction with European Parliament's resolution, not much more than 10 percent will be allocated to health, education, and other basic social services,

although this figure comes close to 20 percent if water and sanitation are added. Amazingly little is programmed to be spent on the strengthening of civil society, which increases the NGOs' fear that this will be left aside.

7. Conclusions

The twenty-first century seems to leave little room for preferential treatment of a group of countries whose only common characteristic seems to be that they were once colonies of EU member states. Preferential treatment with regard to aid seems to be a symbol of centuries past. In this sense, the diminishing volume of aid for ACP countries, in a relative sense, is symbolic of the shrinking stature that Lomé and Cotonou have in the total construct of European relations with developing countries. The aid envelope for the years 2000–2007 is filled with money from earlier EDFs. In per capita terms, relative and absolute, the new EDF—not including the leftovers from the past—represents a clear reduction.

This chapter presented a review of EU aid to ACP countries. A number of shortcomings were found. Some of them are not addressed in the new agreement. The split between the budget/EC Treaty aid system and the EDF is not abolished, which means that this source of complexity and inefficiencies will persist. Furthermore, the agreement does not—and can not—give a solution for the lack of interconnectedness between Council Groups and Committees that hinders an efficient management of EU aid to ACP countries. These are problems that the EU itself should address.

Apart from this, the Cotonou Agreement reflects, in its aid paragraphs, recent developments in thinking about development cooperation. Its emphasis on flexibility, performance of the recipient states and the possibilities of adjusting to changing situations, its new articles on technical assistance and NGOs, all present images of this new thinking. Probably the most important improvements are the paragraphs and articles, which could lead to more coherence between the different instruments, to more complementarity and coordination between the EU and its member states in the provision of aid, in line with the EU Treaty. This will be reflected in the Country Support Strategies and in the possibilities that the new agreement gives for sectoral and budgetary support. However, the first country strategy documents seem to leave things mostly as they were. Its on-going programming, and a critical follow-up by NGOs in the partner countries and by other European institutions, might lead the way to a real change in programming and distribution of Cotonou aid.

