Development and humanitarian assistance of the European Union

An evaluation of the instruments and programmes managed by the European Commission

Final Synthesis Report

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ICEA/DPPC accept whole responsibility for this report. The report does not necessarily reflect the views of Commission.
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List of abbreviations and acronyms

ACP  African, Caribbean and Pacific Region (Lomé Convention)
ALΑ  Asian and Latin American Region
BWI  Bretton Woods Institutions
CDI  Center for the Development of Industry
CEEC Central and Eastern Europe Countries
CFSP  Common Foreign and Security Policy of the EU
CoA  Court of Auditors
DAC  Development Assistance Committee, OECD
DG  Directorate General of the European Commission
DG IA  Directorate General IA
DG IB  Directorate General IB
DG VIII  Directorate General VIII
EC  European Community
ECHO  European Community Humanitarian Office
ECIP  European Community Investment Partners
EDF  European Development Fund
EFA  Emergency Food Aid
EIB  European Investment Bank
EU  European Union
EWG  Evaluators Working Group
FAC  Food Aid Convention
FPA  Framework Partnership Agreement
GDP  Gross Domestic Product
GSP  Global System of Preferences
HA  Humanitarian Aid
ICRC  International Committee of the Red Cross
IDA  International Development Association
IMF  International Monetary Fund
IRDP  Integrated Rural Development Projects
MECU  Million ECU
MEDA  MED partnership in relation to the Barcelona Declaration
MEDA  Mediterranean Region
METAP  Mediterranean Environmental Technical Assistance Programme
MS  Member States of the EU
NGO  Non-Governmental Organisation
NIP  National Indicative Programme
NIS  New Independent States (former USSR)
O&M  Operation and Maintenance
OA  Official Aid
ODA  Official Development Assistance
OECD  Organisation for Economic Co-operation and Development
PFA  Programme Food Aid
PFP  Policy Framework Paper
QSG  Quality Support of Group
RELEX  External Relations DGs of the Commission
RIP  Regional Indicative Programme
SAF  Structural Adjustment Facility
SASP  Structural Adjustment Support Programme
SCR  Service Commun RELEX
SME  Small and Medium Enterprises
STABEX  Export earnings stabilisation scheme for agricultural commodities (in the Lomé Convention)
TA  Technical Assistance
UNDP  United Nations Development Programme
UNHCR  United Nations High Commissioner for Refugees
UNICEF  United Nations Children's Fund
WFP  World Food Program
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1 BACKGROUND

1.1 INTRODUCTION

This is the executive summary of the overall synthesis of a series of evaluations of development aid programmes financed by the European Union and managed by the Commission (hereafter referred to as EC aid\(^1\)). The evaluations covered aid to the regions of Africa, the Caribbean and the Pacific (ACP), the Mediterranean (MED) and Asia and Latin America (ALA). It also covered the Commission–managed Humanitarian Aid. This evaluation was requested by the EU Member States (the Council of Ministers responsible for Development Co-operation) in June 1995.

This synthesis report is based on the findings of a 3.5 years evaluation process that began with an overall statistical and aid policy inventory and included three phases of desk, field and synthesis research for each of the four components. The evaluation benefited from consultations with Commission officials and supervision by the Working Group of Heads of Evaluation services of the EU Member States and the Commission. It also benefited from reviewing additional recent documents and from a broader over-arching perspective that was not available to the compilers of the four component evaluations. The period covered by the evaluation goes back to the beginning of EC aid in the early 1960s but the main focus is on the period since 1985. For Humanitarian Aid the period under review covers the period from 1991 to June 1996\(^2\).

1.2 THE CHALLENGING CONTEXT OF EC AID AND OF THIS EVALUATION

This evaluation of EC aid occurs in a very challenging context:

- the ongoing Commission reform process of which development and humanitarian aid functions are full components;
- the current cut back of development aid by most donors and the increasing importance for developing countries of EC aid in the context of the overall reduction of Member States' development aid over the last few years;
- the ongoing negotiation of the EC aid and trade partnership with the ACP countries, for whom the EC partnership is the most important and where the challenge is the most demanding for the EC, the Member States and the whole donor community;
- the creation of the new Euro-Mediterranean partnership framework incorporating a new performance-based budgeting approach;
- the continuing and acute need for Humanitarian Aid programmes;
- the profound social and economic changes occurring in the recipient states.

1.3 THE LIMITATIONS OF THE EVALUATION

The evaluation process could not cover all the issues that have a bearing on the quality of EC development and humanitarian aid. For example, while the EU has both aid and trade agreements with its non–Member partners, the relationship between these two areas has not been investigated in any detail. The same applies to EU aid channelled through the European Investment Bank, in the form of subsidised loans and risk capital as well as to EIB commercial loans. In addition, the performance and results of EC aid have been assessed in isolation and no comparison has been made with other donors.

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\(^1\) To differentiate it from Member States' bilateral (or channelled through multilaterals) aid.

\(^2\) Article 20 of the 1996 Council Regulation on Humanitarian Aid (1257/96 of June 20\(^{th}\)) stipulates that an evaluation of Humanitarian Aid granted under the Regulation is to be conducted three years after its adoption. This evaluation is to be concluded in May 1999.
The ACP study was the most complete of the regional evaluations as it analysed both policy
dialogue (the core of the evaluation criteria of relevance, impact and sustainability) and aid
management (corresponding to the criteria of efficiency and effectiveness). In the ALA region the
focus was on aid management, and in the MED on policy dialogue. The sample of projects and
countries visited in the field phase were not fully representative, particularly in the case of the
ALA and MED evaluations.

2 AN INCREASING SHARE OF TOTAL EU AID ENTRUSTED TO THE EC

The proportion of EU aid to the ACP, MED and ALA regions managed by the Commission has
increased from 12% in 1980 to 24% in 1997. As a result many recipient countries now recognise
the EC as one of the most important donors. It has a global coverage and the most developed
network of local delegations dedicated to Official Development Aid.

3 A DIVERSITY OF FRAMEWORKS WITHIN EC AID

The evaluation process and its four component evaluations clearly demonstrated the relevance of
addressing separately the EC aid programmes in the ACP, MED and ALA regions and
humanitarian aid.

3.1 A REGIONAL DIFFERENTIATION

In ACP and MED the EC provides aid within a framework of two quite different but strong
partnership agreements. These are the fruits of long negotiations and involve detailed institutional
settings for policy dialogue (including political and trade issues). Co-operation with the EU is
very important in the overall development of these groups of partners. The geographical distances,
the sharing of common coastlines and borders with MED and the general levels of economic and
social development are however quite different between the ACP and MED regions and between
countries within each of the two regions. Also, the MED partnership framework was completely
redesigned in 1995, while the ACP one has been renegotiated every five years since 1974, and is
due to be radically redesigned this year. Many ALA countries have become major EU economic
partners and trade is now more important than aid. It has therefore been possible to focus EC aid .
on local poverty reduction in the poorer countries and regions of ALA.

3.2 AN EVOLVING AGENDA

The lessons learnt from the success and failures of development during the 1970s and 80s; the
progressive geographical extension of EC development aid; the emergence of more focussed goals
of poverty reduction, gender equality, democracy and human rights; good economic and social
governance, and the protection of the environment have progressively increased the number and
shifted the priorities of EC aid. Consequently the specific objectives and performance criteria of
EC aid are today different from those which prevailed during much of the period under review in
this evaluation.

3.3 A NEW CHALLENGE : HUMANITARIAN AID

The creation of ECHO in 1991 was a response to the growing demand for specific humanitarian
aid instruments, without any geographical, ethnic and political differentiation and with the ability
to deliver relief aid quickly after natural or man-made crises. ECHO was “entrusted with
managing aid actions for the benefit of the populations of all non-Union countries affected by
natural disasters or by exceptional events, and which require a rapid response and/or the implementation of accelerated procedures\(^3\)). Since the onset two humanitarian principles have guided ECHO’s interventions: (i) the right for populations in need to access humanitarian aid (ii) and non-discrimination (be it either geographical, ethnic, confessional, political or gender based). Shortly following its creation ECHO had to respond to two major crises, in the Great Lakes region and in the ex-Yugoslavia. Designed to respond to emergencies, ECHO has had also to address long lasting crises, getting involved in often complex rehabilitation actions to bridge the gap between relief and development aid.

4 AN ON-GOING EVOLUTION OF PARTNERSHIP AND POLICY DIALOGUE

The ethos of partnership and policy dialogue is deeply rooted in the history and institutions of European aid. This began with Yaoundé in 1963 for the ACP states followed by the Lomé Conventions and their five year National and Regional Indicative Programmes. This was followed in the MED States through the 1995 Barcelona Declaration and the three year National and Regional Indicative Programmes. This includes complex joint institutional structures, strategy papers and closely negotiated programming exercises. In ALA there has also been significant partnership negotiations with Mercosur, Chile and Mexico and the ASEM meetings have strengthened EU co-operation with Asia.

However, these principles of partnership and dialogue have limited effect in countries not sufficiently committed to economic and social reform or which are unable to enforce them. The development of partnership and policy dialogue frameworks is also time consuming. Despite extensive renegotiations, the European Development Fund (EDF) in the ACP region and the financial protocols in the MED region were still considered in the 1990s as "entitlements" by recipient governments. This situation was not always conducive to the best use of EC aid and to the selection of long-term sustainable projects\(^4\).

The progressive participation of the EC in the structural adjustment process in the ACP and MED regions, its tight monitoring of counterpart funds (ACP) and its hard negotiation of trade issues (MED) have progressively shifted its image away from that of being a more lenient donor. Through the increasing use of "conditionalities" shared with the Bretton Woods Institutions (BWI), "frameworks of mutual obligations" (STABEX) and "performance based funding" (MED), EDF 6,7 and 8 and the new MEDA programme have progressively reduced the "entitlement" principle. It has been replaced with principles of performance and flexibility.

5 COMPLEX CONTEXTS, INSTITUTIONAL FRAMEWORKS AND OBJECTIVES

Aid, particularly to the poorest countries, is extremely difficult to provide successfully because the influence of other factors and constraints on development is very strong and is usually beyond the control of donors. Local responsibilities or "ownership", and long term commitment to good policies, are the first conditions of successful development. In addition all evaluations, including the recent DAC Peer Review, have stressed the complex setting of EC aid. This is due to the evolution and expansion of its objectives, its strong partnership ethos and to the unclear and uncoordinated messages it receives from the Member States and the Parliament.

\(^3\) Mandate given to ECHO (November 6\(^{th}\) 1991)

\(^4\) Moreover the EC only uses grants (the EIB excepted) which may be accepted by recipient governments even if the objectives of the grants are not fully consistent with their priorities.

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Approximately 66 Resolutions, Statements, Guidelines and Conclusions have been passed from 1981–95 by the Council of Development Ministers and have never been prioritised or consolidated by the Council or the Commission. As a result one of the most frequent demands made by donor agencies, recipient states and other concerned parties is for an integrated and consistent overview of the EC aid frameworks, objectives, programmes and instruments.

In managing its ACP and MED programmes, the EC is constrained by the numerous objectives of the Lomé Convention, the Euro–Mediterranean partnership and various other budget lines. Under pressure from the Member States (MSs), Parliament and from new proposals made by the Commission, the policy agenda has been expanded and numerous budgets chapters and lines have been added without ensuring that they are consistent with an integrated and consistent aid strategy. The signals received from the MSs through the ACP, MED, ALA and Humanitarian Aid committees have not encouraged simplification and have not provided sufficient strategy and policy guidance.

In the new Euro-MED partnership, technical and financial aid is only one of three main components along with the political dimension and the very sensitive issue of free trade. Similarly, trade issues in the MED and ALA regions and growing political problems in the ACP region (reflected by the fact that non-humanitarian aid to 15 ACP countries is presently blocked due to human rights violations or war) militate against simplification of the EC programmes.

In addition, the rapid growth of new priorities and major programmes, without sufficient human resources and within the EC’s fragmented organisational structure, has built up a backlog of work which reduces the efficiency, effectiveness and relevance of current operations.

### 6 A LIMITED CO-ORDINATION, COMPLEMENTARITY AND CONSISTENCY

In spite of consistent pressure since the 1993 Maastricht Treaty for improved co-ordination, complementarity and consistency of EC and MSs aid programmes, EU donor co-ordination has remained weak for most of the period covered by the evaluations. However, even information sharing with Member States has been (with some significant exceptions) more from the EC to the MSs. Conflicting approaches, strategies and policies as well as trade interests in some countries have prevented systematic and effective co-ordination. The EDF, MED, ALA and Humanitarian Committees have concentrated on the micro-management and approval of individual projects rather than on ensuring co-ordination at policy level - even within policies already agreed by the Council. In addition to a lack of political will, insufficient co-ordination within Member States services in charge of development aid has played a significant role in this situation. Some progress have been made in the consistency between trade and aid policies.

Through the Structural Adjustment process, co-ordination and complementarity have significantly progressed with the BWIs in the ACP and MED regions.

### 7 THE PERFORMANCE OF EC AID

#### 7.1 POLICY DIALOGUE AND PROGRAMMES

Negotiations with ACP partner governments for indicative programming have become more rigorous since Lomé III in 1986. The same applies to the MED region following the Barcelona Declaration. Progress made in the policy dialogue (over the years for ACP and since 1995 for

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5 That continues to delay the ratification of Association Agreements with some MED countries.
MED) have allowed to better address the broader objectives of development aid. Regional and Country Strategy papers have improved and become more analytical. However, further progress is still necessary, particularly in the MED and ALA regions. In particular, the excessive reliance on consultants for preparation reduces the dialogue content of these exercises and limits the capitalisation of experience by EC staff.

Local ownership and the commitment of beneficiaries to the contents of negotiated National Indicative Programmes have also improved in many cases. EC aid is now more focussed on its recognised strengths and a quasi-contract approach through mutual commitments. This is manifested through the ACP National Indicative Programmes, of which a good example is that for the Cote d'Ivoire. However some other NIPs are still too general, particularly in the MED and ALA regions. Further work is also still required to improve multi-country Regional Indicative Programmes.

Policy dialogue has been weak as regards the overall financial allocation to a given country particularly in the ALA and MED regions. ACP allocations are made, at the ACPs' request, by the EC on the basis of agreed criteria. New performance-based funding procedures are necessary but are proving difficult to operationalise, as demonstrated in the ongoing MEDA programme.

In a growing number of cases, the Commission has been progressively able, through its projects and programmes, and through various international and bilateral forums, to support the social dimension of adjustment in the ACP and MED regions. It has been effective during the 90s in sectoral dialogue (health, transport, and good governance). However, in-country involvement in economic policy dialogue and public expenditure reviews have been limited by staff constraints.

7.2 MANAGEMENT OF PROGRAMMES AND PROJECTS

Improvements in aid management have resulted from the introduction of the Project Cycle Management approach in 1993. Initially improvement was most apparent in the ACP states and more recently in the MED and ALA regions. However, clearly defining the objectives of individual programmes and projects remains a problem and there is still a need for further training and support in this area. Due to the lack of staff and expertise the preparation of projects has been affected in all regions by an excessive reliance on consultants. Quality control and support have been recently reinforced through the creation in 1997 of the Quality Support Group for the ACP programme. This internal control mechanism seems to have improved evaluation feedback with respect to policy orientations and the realism of projects and programmes. However, the major task of extending it to ALA and MED still remains.

7.2.1 Implementation

Implementation has increasingly been characterised by (i) delays; (ii) inefficient and burdensome administrative controls; (iii) weak monitoring of on-going projects; and (iv) over reliance on solving problems with technical assistance. Extensive ex-ante administrative and financial controls, which result from external pressures, from the EC's budget Regulations, and the resulting EC "visa" (ex-ante multiple agreement) culture, are extremely time-consuming and inefficient. They are carried out without selectivity and impose high work loads, both in delegations and in headquarters, and waste scarce human resources. Ex-post financial audits, on the other hand, have not been used systematically. At the same time, weak monitoring of on-going projects has been associated with insufficient flexibility in implementing EC interventions.

These high administrative demands have often resulted in excessive reliance on technical assistance (TA), nominally to support governments but in practice often to support central Commission functions. The dual responsibility of TA has weakened both the EC's accountability and its contribution to strengthening local institutions.
These implementation problems are general to development and humanitarian aid in all regions but are particularly pronounced in ALA and MED (the ACP programme seems to have benefited from longer experience and greater specialisation in aid, and slightly lower dependence on outside experts). These have been aggravated over the years by:

- the introduction of new regulations and budget lines leading to the proliferation of small projects;
- centralised decision making which is not the most suitable arrangement for quickly identifying and solving implementation problems;
- inadequate statistical and Management Information Systems, particularly for MED and ALA;
- systematic selection of the lowest bidder in project contracts at the risk of lowering performance standards;
- inappropriate and inadequate staff and budget allocations.

The combination of the organisational limitations of the Commission and of European and third country constraints imposed on the Commission, has overloaded the aid management system. Indications of this include:

- overall budgets managed at the end of 1998 amount to around four years of disbursements (including programmes such as SASP which unlike most classic projects implemented in 3–5 years are considered fast–disbursing);
- 30,000 contracts are open, of which more than seven thousand are for Small and Medium Enterprises funding under ECIP (MED and ALA), Human Rights and NGOs co–financing;
- more than 10% of funds yet to be disbursed have been committed (formally promised for specific actions) before 1994. Even some funds from the first MED protocols (prior to 1987) are still unused.

The creation of the External Relations Common Service (SCR) has been one of the most important responses to these implementation problems. It should lead to economies of scale (although it is suffering from manpower shortages) and to improvements in aid procedures and delivery.

7.2.2 Evaluation

The quality of ex–post evaluations carried out by the Commission varies between and within regions. In the ACP region, the design of some new projects is beginning to benefit from the lessons learned, especially through the work of the Quality Support Group. However, institutional memory and capitalisation of experience on the basis of these evaluations is still weak. With the creation of the SCR, the Evaluation Unit staff, already insufficient to form the basis of a continuing learning process, has been reduced. In addition, doubts have been raised about the potential independence of evaluations since it is located in the (operational) SCR rather than in the services responsible for policy.

7.2.3 Transparency and accountability

The transparency and dissemination of information has been satisfactory in recipient countries through the presence and action of the local Delegations and such initiatives as the ACP Courier. However, information to the Member States and the general European public on EC aid is still quite difficult to obtain. The limitations of the Europa internet site provide a graphic illustration of

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6 The present ratio of overheads to committed funds is, at 4%, half that of the World Bank, and five times the European Investment Bank rate. Benchmarking is very difficult in this field because the missions and working contexts of these institutions are so different.
this situation. However, it does demonstrate that this is due to the complexity of EC aid and to the lack of a user-friendly system more than to any reluctance to provide information.

7.3 **HUMANITARIAN AID**

The period under review should be considered for ECHO as a learning and institutional building period. Initially staff expertise was insufficient but has gradually improved both at headquarters and in the field. Even if decisions on Humanitarian Aid are mainly taken in response to a specific crisis and at the request of operators, the lack of ex-ante defined specific objectives and target groups and a weak situation analysis capacity in ECHO, have increased the risk of choosing unsuitable operators and limited the possibilities of impact monitoring or evaluation. Evaluations were introduced in 1993 but lessons learnt have not been sufficiently internalised and acted upon. Audits were only introduced in 1996 at the same time as the adoption of the 1996 Council Resolution that provided the necessary and adequate policy framework for Humanitarian Aid.

The introduction of the Framework Partnership Agreement in 1993 has made it possible to rationalise and shorten administrative processing but has been used neither to keep track of operators' performance, nor to establish specific procedures for different types of operators. Each year the necessity to mobilise the reserve budget has led to the concentration of funding decisions in June and increasingly in November, which does not reflect the course of events but merely administrative constraints. The adoption of the 1996 Council Regulation has provided an adequate policy framework for Humanitarian Aid even though recent long lasting humanitarian crises have raised new issues that could be better addressed introducing a limited number of amendments to the regulation.

8 **OVERVIEW OF AID RESULTS**

Due to the modest resources allocated to ALA in comparison with its size, EC aid could never expect to have had a significant development impact apart from a very local poverty reduction impact in some countries. Its financial impact was however quite significant in MED countries (structural adjustment, agricultural and water sectors) and, even more, in ACP countries (structural adjustment, agriculture, transport).

In all regions, EC aid has been more successful in producing itemised physical outputs than in meeting broader impact objectives. Like many donors, the EC addressed poverty for many years through rural development, agriculture, growing priority for the social sectors, and a focus on the least developed countries. However the impact of EC aid on poverty has been limited: infrastructure, agriculture and rural development projects were relevant to the needs of the poorest and produced short-term improvements of their condition but local ownership or commitment were often slow to emerge which greatly reduced the impact and sustainability. EC aid has only recently started to concentrate on the priority objectives of gender equality and poverty alleviation. Gender was not really taken into account until the mid-90’s, and there still remains a gap between policy statements and the reality of aid implementation, although some progress has been made (policy support, staff allocation) recently. However, the EC’s involvement in democracy and human rights in all regions was one of the earliest and one of the most significant among donors. Impact of EC aid on the protection of the environment has been significant in the MED region, due to the shared negative externalities in the Mediterranean Sea. The EC and the

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7 Practical only for non-emergency actions (which represent nonetheless most of ECHO funded actions)
8 ECHO’s decisions are now taken on average within 100 days after receiving a request from a potential operator
9 The same PFA applies for NGOs (small or big) and UNHCR, WFP or ICRC
10 Contracts have then to be signed in a hurry
European Investment Bank have played a lead role in this sector in this region. Although 10% of ALA aid funds have been committed to environmental projects, it has not been possible to assess its full impact.

8.1 PROGRAMME AID

Although the EC did not have the macroeconomic capacity and expertise of the BWIs, its participation in structural adjustment operations is significant and has become progressively more relevant. It allowed the EC to enter the economic policy dialogue, even if it was, generally, through the support of the BWI conditionalities - to which it added its own emphasis on addressing the social effects of adjustment.

The Stabex and Sysmin instruments have had limited long–term structural impact despite localised and short-term successes and their apparent initial relevance. They are today outdated in the present context of international trade and globalisation and they did not concentrate (nor were they supposed to) on the poorest countries. Programme Food aid has benefited all the ACP, MED and ALA regions. Through a learning process, its procedures were updated in 1996 in order to improve the institutional capacity building of the recipient countries.

8.2 PROJECT AID

Like most donor’s, the Commission’s early focus (1960s to 80s) on short-term and visible physical projects and results fell victim to low sustainability in a large part of the ACP region and in some MED and ALA countries. Integrated rural development and road projects provide many examples of poor sustainability. During the 90s the EC has concentrated on sectoral institutional building and has acquired a recognised specialisation in such sectors as roads, basic health and municipal infrastructure.

The relatively good performance (relevance and effectiveness) of EC micro-projects and co-operation with NGOs must be mitigated by their very local impact and by the difficulty in replicating successful projects elsewhere. These numerous projects have also significantly contributed to the overloading of the EC’s limited administrative resources.

8.3 HUMANITARIAN AID

The Commission has been active in many humanitarian crises. Field studies showed that in the Great Lakes and ex-Yugoslavia, it contributed to reduce morbidity and mortality rates rapidly. The desk study also found EC Humanitarian Aid generally relevant and effective and the performance of operators implementing the aid satisfactory. A more detailed evaluation of impact is hampered by the lack of ex-ante defined objectives and target groups as well as practical difficulties.11

9 KEY FINDINGS AND RECOMMENDATIONS

The key lessons and recommendations presented here emerge from the four component reports and from the over-arching view of the synthesis that was not available to the compilers of the individual studies. Several of them are already being acted upon, at least partially. Most of the recommendations, in particular 3, 8, 11 and 14, concern all three of the European Parliament, the Member States and the Commission12. Recommendations 1 and 10 are more specifically

11 Due to the difficult context of humanitarian crises
12 Reforms already under way are consistent with some of the recommendations and should be accelerated
addressed to the MSs. The other recommendations are more specifically addressed to the Commission.

9.1 AID POLICY

9.1.1 An overall policy statement for development aid

KEY FINDINGS: Regional evaluations have stressed the lack of an overall policy statement for EU development aid\(^{13}\). The Maastricht treaty draws only a few general principles (article 130 U).

RECOMMENDATIONS: The Council of Ministers should formulate an overall policy statement for EU Development Aid identifying a strategic role for the EC and facilitating the improvement of co-ordination with MSs.

9.1.2 More differentiated policies at regional and country levels

KEY FINDINGS: Aid policies are defined at regional level through the Lomé conventions, the EURO-MED partnership framework and Council resolutions for ALA. These are then detailed at country level through the CSPs and NIPs. There is however insufficient input at the sub-regional level, this could be improved to allow for the increasing diversification of situations within the three regions.

RECOMMENDATIONS: Customise EC aid to the specific needs of each region and country. These differentiated policies should complement and be coherent with aid provided by other donors. Extending the present Regional Strategy Papers (RSPs), Country Strategy Papers (CSPs) and National Indicative Programmes (NIPs) should be the main means for establishing these differentiated aid (and trade) policies. RSPs should cover homogeneous sub–regions and be the appropriate level for further developing the required integrated and strategic policy statements. They should adapted in order to not only address issues of common interest between different countries (inter–regional co-operation) but also national problems shared by most countries of a given sub–region\(^{14}\). This differentiation should be developed in a way that does not preclude the necessary cross–fertilisation between various regions and countries of EC intervention and experience (see Recommendation 7).

9.1.3 Maintain and focus humanitarian aid specificity while ensuring a flexible continuity and complementarity between humanitarian and development aid

KEY FINDINGS: The recognition that the rationale for providing humanitarian and development aid are of different nature has been acknowledged through the creation of ECHO. However, the complex characteristics of humanitarian problems have forced ECHO to operate in “grey-zones\(^{15}\)” where the distinction above is blurred.

RECOMMENDATIONS: The distinction between humanitarian aid and development aid should be maintained and clarified wherever possible. ECHO should be granted an increased capacity to address long lasting humanitarian crises in zones where human rights and the rule of law are neither respected nor easily enforceable. The unavoidable “grey-zones” will have to be managed

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\(^{13}\) Not for humanitarian aid since it is provided for through the 1996 Council Regulation (1257/96 of June 20th)

\(^{14}\) In addition to countries such as Brazil, India or China that are sub–regions by themselves, the number of sub–regions could be in the range of 6/7 in ACP, 2 in MED, 4/5 in ALA (around 15 sub–regions for 110 countries).

\(^{15}\) Ill defined “post-emergency” and “pre-development” actions which could fall under the responsibility of ECHO or of RELEX DGs
as efficiently as possible through enhanced co-ordination following and elaborating upon the LRRD approach.

9.1.4 More comprehensive and focused regional and National Indicative programmes

KEY FINDINGS: The rapid growth of the number of EC aid objectives in most countries has led to a situation where the EC resources are spread too thinly. In addition, the proliferation of ad hoc budget chapters and lines does not allow for a comprehensive overview of EC programmes in a given region or country. It is also necessary to integrate more closely different components of development aid with economic co-operation (mainly through the EIB) and trade issues.

RECOMMENDATIONS: Ensure comprehensiveness of RIPs and NIPs, by including all budget lines used in the region or country as well as EIB interventions. Focus NIPs on a limited number of sectors, programmes and projects corresponding to EC strengths and complementarity with other donors.

9.1.5 When appropriate give priority to strengthening and reforming institutions

KEY FINDINGS: Regional evaluations have demonstrated that the poor sustainability of some EC aid has been an important weakness. This was due in many cases to the reluctance of beneficiary governments to fully commit themselves to the reform process and to the insufficient technical and financial capabilities of beneficiary governments and institutions.

RECOMMENDATIONS: Institutional support to ACP (but also to some MED and ALA) governments and civil services should be given a greater EC priority, in close co-ordination and complementarity with other donors (particularly MSs and the BWIs). Such support should focus on public expenditure management, essential education and health services and the key cross-cutting issues (gender, reduction of poverty, democracy and human rights).

9.1.6 A more results-based regional co-operation policy

FINDINGS: In spite of its prestigious image in this area and of significant earmarked budgets for regional projects, effective results have been disappointing.

RECOMMENDATIONS: Ensure more selectivity in supporting regional co-operation projects, particularly regional co-operation bodies. Focus more clearly on regions that have demonstrated a readiness to make rapid progress towards accelerated integration, and give incentives at the national level to countries that have provided the political driving force towards integration. Research projects (health, agriculture, and economic development) can be especially useful in solving long-term shared problems.

9.1.7 Develop thematic strategies based on a comprehensive learning process

KEY FINDINGS: With some significant exceptions (such as those for the transport or health sectors), the Delegations, headquarters staff, and beneficiaries do not benefit from sufficient methodological background and guidelines for designing EC aid policies and projects, particularly for the more recent priority and cross-cutting issues of reduction poverty reduction, governance, democracy and human rights.

RECOMMENDATIONS: Develop thematic strategies and translate them in publications, guidelines and manuals on the basis of; (i) a capitalisation of previous evaluation studies; (ii) a

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systematic cross-fertilisation from lessons learnt in different regions and countries of EC interventions\(^\text{17}\); (iii) a focused programme of EC funded research and (iv) an exchange of experience between the EC and other bilateral and multilateral donors.

### 9.2 PARTNERSHIP AND CO-ORDINATION

#### 9.2.1 From partnership to contractual relationships

**KEY FINDINGS:** The long standing "partnership" ethos initiated in the Lomé convention has been and is still much valued by many recipient countries. But it has tended to be too verbal and has been progressively negated by one-sided conditionalities. In addition, it is often inconsistent with effective programme implementation.

**RECOMMENDATIONS:** Without suppressing the "partnership" principle at policy dialogue and general negotiations levels, develop the much more widely accepted concept of "contract", implying "reciprocal responsibilities" based on recognised mutual interests. In this respect the NIPs (already signed by both parties) could be transformed into or attached to formal "Framework Contracts of EC-country co-operation". Aid allocation by country should be more flexible and performance-based in order to favour governments and institutions committed to good governance.

#### 9.2.2 Greater opening of EC co-operation to civil society

**KEY FINDINGS:** From the beginning, EC aid has been focused on recipient states and governments, resulting in a situation where EC aid is still seen by many recipient governments and administrations as an entitlement of the public sector alone.

**RECOMMENDATIONS:** EC co-operation should continue to be opened up to civil society. Such a partnership would involve engaging the private sector, local governments and NGOs in policy dialogue, project identification and aid implementation. Mechanisms through which all stakeholders in the civil society can provide feedback on EC aid programmes should also be further developed. This should however take into account the implementation problems caused by the heterogeneity and proliferation of actions of the numerous components of civil society.

#### 9.2.3 A More pro-active co-ordination with MSS

**KEY FINDINGS:** All three regional evaluations found that reciprocal co-ordination between EC’s and MSs is still more the exception than the rule in spite of a large number of EU and EC resolutions and guidelines.

**RECOMMENDATIONS:** Re-focus and enhance the role of the regional Committees away from the micro-management of projects and into policy and strategy formulation and monitoring progress on the 3Cs (co-ordination, complementarity and consistency) of the Maastricht Treaty. Give a clear mandate to the EC to assume a pro-active co-ordination role under the guidance of the regional and sectoral Committees and of the Presidency\(^\text{18}\). In this respect, joint activities such as planning, definition of thematic or sectoral strategies, evaluations, should be developed. RIPs and NIPs should become a more EC–MSs common exercise and a co-ordination tool.

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\(^\text{17}\) Including CEEC and NIS

\(^\text{18}\) The first and mandatory stage of co-ordination must be comprehensive and mandatory multilateral exchange of information.
9.3 **IMPLEMENTATION AND MANAGEMENT**

9.3.1 **Progressive standardisation of aid management, with simpler and more flexible instruments and regulatory regimes**

KEY FINDINGS: The existing set of aid instruments is partly outdated. Also the number of regulatory regimes (more than 70 including CEEC and NIS) makes efficient and transparent operational management difficult. In addition, the concentration of financing on grants does not adequately cover the needs, or provide the necessary incentives, for all the geographic or sectoral situations.

RECOMMENDATIONS: The set of development instruments should be reviewed with the purpose of standardising them for all regions, reducing their number and also ensuring that the revised set has sufficient flexibility to be able to support the whole range of possible actions and types of beneficiaries. A better balancing of grants and loans (through subsidies or commercial loans from the EIB) and a mix of programme and project instruments should be developed, and applied according to specific regional and national situations and governance capabilities. Necessary conditions of such streamlining are a progressive reduction in the number of earmarked budget chapters and lines as well as of legal regimes.

9.3.2 **More de-concentration and decentralisation at Delegation and country levels**

KEY FINDINGS: All the component evaluations have found that the EC has a high concentration of decision making power at headquarters, in spite of the high levels of deconcentration of its staff in local Delegations. It is necessary to capitalise on the strong comparative advantage of the EC world-wide network of Delegations.

RECOMMENDATIONS: Deconcentration and partial decentralisation\(^\text{19}\) should be accelerated. EC Delegations and some beneficiary states\(^\text{20}\) should be granted a higher degree of decision-making authority formalised in contracts (see also recommendations on NIPs). This will require some increase of EC Delegation staff\(^\text{21}\) and a sufficient corps of well qualified and experienced personnel. Simplified operational procedures, a decrease of ex-ante controls and of the number of authorisations together with an increase of ex-post controls and audits will be necessary to support this decentralisation\(^\text{22}\). In addition, greater decentralisation will require budgets allowing for more frequent and longer missions of headquarters staff in the field.

9.3.3 **Accelerate the development of information and institutional memory management systems**

KEY FINDINGS: Statistical and Management Information Systems (M.I.S.) have not yet been sufficiently developed, both for day to day decentralised management and for long term analysis of aid and for synthesising the lessons learnt.

RECOMMENDATIONS: On the basis of the existing systems, give much more priority to the building of a comprehensive M.I.S (integrating administrative and financial management) and to an institutional memory system using private sector models.

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\(^{19}\) In addition to deconcentration, decentralisation implies delegations of decision powers.

\(^{20}\) In the form, for example of budget aid (provided adequate control mechanisms are introduced).

\(^{21}\) In many countries, part of this additional staff can be national (provided that it is permanent and not outsourced).

\(^{22}\) However replacement of ex-ante controls by ex-post ones should not be systematic in situations of bad governance.
9.3.4 A better balance between staff recruitment and staff outsourcing

KEY FINDINGS: Quantitative and qualitative staff constraints have been identified as one of the key management and implementation problems, particularly in MED, ALA and humanitarian aid programmes. Outsourcing to "BATs" can only be a "second best" and sometimes dangerous solution. It can prevent a sense of responsibility for actions, the acquisition of experience and institutional memory building by EC staff.

RECOMMENDATIONS: Review, assess and audit internal and outsourced personnel resources and their geographical and sectoral allocation. Recruit permanent skills for priority areas (particularly with experience acquired in other aid agencies). Outsource staff only when the problems to be addressed do not cover a period of more than 2/3 years.

9.3.5 Develop transparency and systematic dissemination of clear qualitative and quantitative information to all stakeholders

KEY FINDINGS: The complex nature of EC aid makes communication with the public and outside bodies difficult. The Europa Internet site demonstrates that the Commission is willing to disseminate information, but that this dissemination is not user friendly nor sufficiently focused on the requirements of various stakeholders.

RECOMMENDATIONS: Transparency and dissemination of information should be made more user friendly and focused on specific target audiences and stakeholder groups. It should cover both policy and implementation. It should not be focused exclusively on the Internet since paper and film media continues to be important in many contexts. The evaluation function should be clearly separated from the implementation services. Recipient countries should be more systematically associated to country evaluations (or to country components of sectoral evaluations).