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REPORT FROM THE COMMISSION

**Operational coordination between the Community and the Member States of the
European Union in the field of development cooperation**

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1. INTRODUCTION

In March 1998 the Council of the European Union adopted “Guidelines for strengthening operational coordination between the Community and the Member States in the field of development cooperation”.

A preliminary report was presented by the Commission in November 1998, which emphasised the importance of improved pooling of information between the Member States and the Commission. It also recommended sending a strong political message to all the representations of the European Union to encourage them to execute the Council guidelines in a dynamic and pro-active way, strengthening the role of the partner countries in this process.

In accordance with point 8 of the Guidelines, this report now presents a more detailed picture of the measures taken and progress made since March 1998. It is partly based on a survey carried out in August and September 1999 among the Commission Delegations in all developing countries. With few exceptions, the representatives of the Member States in the countries concerned replied jointly with the Delegation to the same questionnaire. The high response rate demonstrated the EU representatives’ interest in this subject.¹

Our analysis focuses on three themes:

- the current state and progress of EU operational coordination since the adoption of the Guidelines in March 1998;
- the role of the partner country in implementing coordination;
- the role of EU operational coordination in the wider framework of coordination with all the other donors.

It also covers the priority sectors indicated by each of the Member States and the Delegation in each country.²

¹ There were replies from 98 out of 116 countries, a response rate of 84%.

² Each EU Member State was asked to indicate five priority sectors for its operations.

2. MAIN RESULTS OF THE SURVEY AND POINTS FOR CONSIDERATION

2.1. A general examination of the replies from 98 countries reveals that:

- Although the Council Guidelines were only adopted 18 months ago and need more time to be implemented fully, they have generally been well received by EU representatives on the spot. There is a dynamic coordination process which will be increasingly be put into practice with every new programming exercise.
- While implementation varies across the six regions covered by this analysis (Africa, the Caribbean, the Pacific, the MED countries, Latin America, Asia), in most cases there has been an improvement in operational coordination since March 1998.
- Information exchange between the Delegations and the Member States is effective, but often one way – the Member States tend not to reciprocate.
- In terms of wider coordination with other donors, EU members play an active role at sectoral level.
- At sectoral level, the information received shows that there are many cases in which EU members are active in the same sector and where there is consequently great potential for complementarity.
- The partner countries play a relatively limited role in the EU's internal process of operational coordination.

2.2. Main points for consideration

- How and at what level should the partner country play an active role in the EU's internal coordination exercise, compared with the role it plays in coordinating donors as a whole?
 - In some cases (countries at war, where aid is suspended), this is not an option.
 - In other cases, the country itself does not wish to be involved in the coordination exercise before the EU members have worked out a common position.
 - In general, coordination should help the partner country to define and implement its own development strategies – to be in the driving seat – but at the same time we must take care not to increase its workload in the process of coordination.
- Coordination between the Community and EU Member States is an essential contribution to a wider coordination drive among donors, for the good of the partner country. It enables us to cut out duplication and the risks of competition between donors while increasing complementarity.
- Internal EU coordination brings added value in terms of political dialogue with the partner country and helps the EU to “assert its identity on the international scene” (Article 2 of the Treaty).

3. CURRENT STATE OF OPERATIONAL COORDINATION BETWEEN THE COMMUNITY AND THE MEMBER STATES OF THE EUROPEAN UNION

3.1. Description of the present situation

The survey was based on a questionnaire among Member States active and present in each of the partner countries. The results show that in Africa, Latin America, Asia and the MED countries there is a strong presence of between seven and nine Member States on average in each country. There are far fewer in the Caribbean and the Pacific, where the average is between two and four active Member States.

In seven out of ten countries on average there is regular provision for operational coordination between the EU Delegation and the Member States present in the country; some Member States prefer occasional coordination or a wider framework including other donors. However, the figure rises to nine out of 10 Member States in countries with a high income per capita.

Coordination usually takes the form of regular meetings (51%) or occasional meetings (36%). Less frequently it consists of simply exchanging documents (10%) or informal contacts (3%). There were few instances of joint visits on the ground.

Regular meetings are most popular in Asia (among 74% of respondents), less so in Africa (61%). In Latin America, the Caribbean and the MED countries, occasional meetings tend to be held. In the Pacific, on the other hand, the distances involved tend to favour simple exchanges of documents.

Meetings are the main way of coordinating operations. These take place regularly in Asia and Africa, and occasionally in Latin America, the MED countries and the Caribbean, but are infrequent in the Pacific.

Coordination, thematic, or sectoral meetings are usually organised by the Commission Delegations.

They are mostly monthly.

In countries where there is no EC Delegation, the Member States consider coordination more difficult to put into practice.

3.1.1. Existing coordination mechanisms enable:

- **discussion of priorities, ongoing operations and future operations** (new projects) planned by all the EU members.

The Member States are relatively satisfied with the information provided by the Delegation about sectoral priorities, both for ongoing operations and future activities.

On the other hand, Member States are felt not to provide sufficient information of the same kind, either to the Delegations or to other Member States. This is particularly the case in countries where there are numerous diplomatic missions and in high-income countries.

Information from Member States is regarded as insufficient.

- **decisions on a joint approach** in cooperation with the partner country, within the EU, and in cooperation with other donors.

In over three-quarters of the countries, coordination activities help to bring about a joint approach with the partner country.³

- **information exchange** on priorities for future programming.

In some countries, this enables joint policy documents to be drafted.

- **identification of overlapping projects and duplication of effort**

Coordination enables these to be highlighted where they already exist or to be avoided in preparing new operations.

3.1.2. *Joint studies, analyses and evaluations*

The survey shows that:

- in 58% of countries, there is joint financing for such studies, most often in Latin America and Africa;
- the EC Delegation is involved in 92% of such cases;
- the most frequent topics are government and civil society, health, and agriculture.

This fairly common practice is of genuine importance, in that working together enables potential complementarities to be identified in later programming exercises.

3.1.3. *Highlighting of overlapping programmes*⁴

In quite a few cases, coordination enables problems of overlapping to be highlighted.

Overlapping is of course more of a problem in countries where many Member States are represented: half of the countries in which over eight Member States are present had encountered this problem, compared with one in four where few Member States are present.

³ The precise figure is 78%.

⁴ The term “overlapping”, as distinct from duplication, refers to overlaps in implementing timetables.

Most often, overlapping is not identified until the operations are implemented, when it is usually too late for rapid rescheduling because of the technical and administrative complexities.

Delays in the appraisal phase of programmes or the arrival of external aid such as humanitarian aid were cited as leading to some overlapping.

In large countries (mainly in Asia) coordination is not felt to be necessary because the risk of duplication or overlapping is slight compared with the extensive need for aid.

3.1.4. Coordination and focusing of aid

Of the respondents, 38% stated that coordination helped to focus Community aid while 27% felt that it helped to focus the Member States' bilateral aid.

The concentration of aid was seen as positive, in that coordination helped to boost the impact of intervention in any given sector. The remarks emphasised that swapping studies and pooling experience enabled complementary projects to be identified and prepared. At the same time, the risks of duplication inherent in focusing on particular sectors could only be countered via coordination.

3.2. Sectoral approach to intra-EU coordination

The results of the survey show, country by country, in which sectors several Member States are working simultaneously, and therefore where complementarities may be sought.

They also enable us to identify which Member States have established operational coordination mechanisms with the EC Delegation, sector by sector.

For example, for government and civil society, health and education, where a substantial number of EU Member States are present (on average three to four), regular coordination mechanisms exist in three out of five countries.⁵

3.2.1. Sectoral meetings

Coordination takes different forms depending on the sectors involved:

- on issues relating to programme aid and assistance with debt, regular meetings are usually organised;
- occasional meetings are most likely to be held on infrastructure, social services and economic services, and for emergency aid;
- exchanges of documents mostly concern debt.

⁵ These mechanisms do not always include all the Member States present in the sector.

3.2.2. *Financial procedures*

In sectors where there is effective coordination, parallel financing is predominant (54%) while cofinancing in the strict sense of the term is limited (12%).

The “other financial practices” (34%) relate to financing granted previously with no prior coordination. This is most frequently the case in high-income countries.

Types of financing vary considerably between sectors:

- parallel financing is most common in infrastructure, economic services and production, and for projects relating to debt;
- cofinancing is very limited in all sectors, but most likely (18%) with respect to emergency aid;

In geographical terms:

- in Africa – again, where there is effective coordination – 72% of financing is parallel;
- in the MED countries, Asia and Latin America, financing is generally reported to be “independent”, i.e. neither parallel nor cofinancing.

3.2.3. *The job of the “chef de file”*⁶

In 62% of countries, the Member States and the EC Delegation stated that they would be willing to act as “*chef de file*”⁷ in at least one sector, particularly in Latin America (three out of four countries) and Africa (two out of three countries).

In two thirds of cases this involved simply “organising and guiding dialogue”, which is equivalent to the task of sectoral coordinator. That was mainly the case in countries where there were a number of EU representations (11 to 15 active members).

By contrast, where only one to four members were active, the replies indicated that the proposed responsibilities would encompass “appraising the whole programme for the other Member States” (which is equivalent to the “level two” tasks of a “*chef de file*”).

In a number of countries, several Member States were willing to act as “*chef de file*” in several different sectors. In some countries, there were even several candidates in the same sector.

The many expressions of interest in taking on particular coordination functions demonstrate the potentially powerful complementarities between

In a number of countries, several Member States are willing to act as coordinator in one or more sectors.

⁶ For the exact definition of the job of “*chef de file*” see Chairman’s Report on Coordination –Vienna, 19.10.1998.

⁷ The term “*chef de file*” was disputed by some Member States.

the EU Member States as well as a definite willingness to exploit them further.

3.3. The role of the partner country in coordination within the EU

The Guidelines of March 1998 and the intermediate report of November 1998 strongly highlighted the need to step up the role of the partner Government in enhanced EU coordination.

The Government plays an active role in the EU coordination process in only 40% of countries.

The survey shows that there is still too little involvement of partner Governments in the machinery for overall coordination of EU aid. In a clear majority of countries EC Delegations and Member States replied that the partner Government was involved little (50%) or not at all (10%) in the European coordination process.

This situation is fairly common to all regions, with the MED countries, Latin America, Asia and Africa scoring almost equally poorly, and only the Pacific countries recording above-average involvement by the partner Government.

It should, however, be noted that in the pilot programme countries (Bangladesh, Costa Rica, Côte d'Ivoire, Ethiopia, Mozambique, Peru) where operational coordination machinery has been enhanced further, the partner government is more involved.

The two main reasons for poor Government involvement are:

- The Government does not have the staff or technical resources.

This argument was given in 72% of countries, particularly in the Caribbean and Asia and in the poorest countries.

- The Government is not interested.

This argument was cited in 40% of countries, particularly high-income countries.

If we compare the results relating to these two arguments with the volume of aid given by the EU to the various countries, it emerges that the countries that receive major aid do not have the means to coordinate it and that the majority of them are not interested in participating in the coordination process.

Weak involvement of local Governments is mainly due to a lack of staff and technical resources.

The other reasons cited in the replies are:

- too much political instability;
- governments change too often to ensure continuity in the coordination effort, which often represents no more than good intentions;

- the Government does not always share the donors' priorities;
- internal Government coordination is lacking;
- there is frequently a lack of transparency;
- there is sometimes a temptation to "divide and rule" the donors;
- in some countries, the Government is considered to show no interest in having only one interlocutor per sector.

Most of the time, in so-called "problem" countries in Africa (countries at war, countries in which Community aid has been partly or wholly suspended), the Government is not involved in coordination among EU members at all.

However, in the sectoral coordination process which generally involves all donors, the partner Government acts as coordinator in 25% of sectors where there is a coordinator. This figure stands comparison with those for the World Bank (15%), the UNDP (15%), the EC Delegations (15%), and all the Member States (25%).

It can be seen from this data that the division of coordination tasks for sectoral coordination is largely shared by the main donors and the Government itself, which nonetheless plays the most important role.

This sectoral coordination machinery is an integral part of the overall, "horizontal" coordination such as consultative groups and round tables, in which all the donors participate under the authority of the Government.

4. THE IMPACT OF THE GUIDELINES OF MARCH 1998

In each country, the Delegation and the Member States replied jointly as to whether they thought that operational coordination had improved since March 1998, describing the current state of play.⁸

4.1. Progress noted

- **Almost two-thirds (62%) of the replies** noted that operational coordination had improved since March 1998.

The main improvements were:

- meetings were held more frequently to follow up projects;

⁸ In a few countries, only the Delegation was able to reply to the questionnaire.

- documents were exchanged more systematically between the Delegations and the representatives of the Member States in the recipient countries.

The improvement in operational coordination among EU representations since March 1998 correlates to the size of their aid.

These improvements are particularly noticeable in countries with the highest volume of total EU aid: in 85% of countries where aid is over \$300 million, compared with 44% of countries where aid is below \$50 million.

Rarely was there any mention of organising joint visits in the field.

With regard to the creation of databases, the information supplied was sparse and showed that there were only a few initiatives of this kind (in South Africa, Kenya, Sri Lanka and Costa Rica).

Although the Delegations appear most often to have instigated these improvements, the Member States became more involved in European initiatives, particularly when the EU Presidency rotated.

4.1.1. Level of satisfaction

Despite the improvements noted, the members of the EU considered the current state of operational coordination to be only moderately satisfactory, which seems to suggest that significant progress is still possible and remains to be made. This is true, for example, of the Latin American countries and Asia, where two-thirds (62%) of Member States feel things have improved, but over half are still not satisfied.

Despite these improvements, EU members considered operational coordination within the EU as only moderately satisfactory.

This overall opinion varies somewhat depending on the region and the number of Member States active in the country.

- In regional terms, the results show that the level of coordination is:

- poor in Asia, Latin America and the MED countries;
- average in Africa and the Caribbean;
- excellent in the Pacific.⁹

- In terms of the number of active Member states, coordination is:

- good, where few Member States are present (between 1 and 4);
- fairly good, where there are rather more (between 5 and 7);
- but poor where most Member States are active (between 8 and 15).

⁹ This seems merely to show that the satisfaction level is related to the few Member States active there.

- **Over a third of the replies (38%)** indicate that there has been no overall improvement, only improvements in specific, limited areas:
 - Some replies suggested that where few member States were present and the amount of aid granted was low, the current level of coordination appeared to be satisfactory;
 - In four countries that took part in the pilot project (Costa Rica, Côte d’Ivoire, Ethiopia and Peru), it was felt that coordination had reached a satisfactory level during the project and there had therefore been no significant improvement since then.

4.1.2. Proposed improvements

In response to an open question, numerous comments and suggestions were made.¹⁰ These included:

- stepping up the flow of information on priority sectors, particularly information from the Member States to the Commission Delegations and the other Member States;
- setting up Internet sites where appropriate (including databases) to enable real-time access to useful information for coordinating donors;
- producing regular newsletters (paper or electronic) on completed, ongoing and forthcoming activities, primarily those of the EC and the Member States, but also those of other donors;
- importantly, organising dialogue on a more-or-less formal footing via monthly meetings, where this was not already done;
- involving the representatives of the partner country, which was essential, where they demonstrated genuine management capacity;
- conducting on-the-spot visits together, and joint identification and evaluation missions;
- seeking greater harmonisation of Community strategies with those of the Member States and, more broadly, those of other donors.

These comments are in line with the guidelines of March 1998 and show concern to push ahead with implementing them.

The main suggestion for improving coordination in the short term was to step up the flow of information on priority sectors, particularly between Member States and from them to the EC.

In the medium and long term, the intervention strategies of the Commission and the Member States in the recipient countries must be harmonised more if coordination is to be effectively improved.

¹⁰ The question was: “Given the current EU operational coordination situation in the country, how could coordination be improved locally?”

4.2. EU coordination in the context of wider coordination

In practically all countries there are several other partners present, such as the World Bank, the UN agencies, the Development Banks, etc. They have also set up specific coordination mechanisms open to all donors. The most important are the Consultative Groups set up by the World Bank and the Round Tables set up by the UNDP, in which EU members actively participate.

In two thirds of the sectors considered priorities by the EU members,¹¹ one or more non-EU donors are also active.

In just over 40% of all priority sectors, a coordinator has been chosen, as follows:

- in 25% of cases the partner country acts as coordinator;
- in 25% an EU Member State acts as coordinator;
- in 15% the EC Delegation is the coordinator;
- in 15% the World Bank is the coordinator;
- in 15% UN agencies act as coordinator, and
- in 5% of cases, another donor acts as coordinator.

This suggests that with regard to wider coordination machinery, the partner country plays a relatively active coordination role at sectoral level, and that collectively EU members also play an active role, acting as coordinator in 40% of cases.

In sectors where no coordinator has been selected (i.e. some 60% of priority sectors) some of the comments suggest that the sector is too broad for coordination of this kind.¹²

In 25% of sectors, where there is a coordinator, it is the partner country.

The survey data shows the links established by each member of the EU with other donors present in the country, for each country and each sector .

It shows, for example, that EU members' coordination with the UNDP and the World Bank takes the form of coordination meetings in almost 85% of cases.

The average level of cofinancing is 21% with the World Bank and 39% with the UNDP, which is respectively twice and three times as high as cofinancing between EU members (12%).¹³

¹¹ As defined on p. 4.

¹² This includes bilateral coordination.

¹³ See p. 8 - section 3.2.2.

5. PROSPECTS

These initial results suggest:

- that coordination between EU members is active and relatively satisfactory;
- that it must be improved, notably by improving communication and increasing information exchange;
- that there is the potential for improved complementarity in many sectors and countries;
- that there is a real will to do this on the part of the majority of EU members on the spot.

On the basis of the substantial information received, dialogue should be conducted with the Member States at headquarters and at their representations on the spot to pursue the possibilities further, primarily regarding:

- how to improve complementarities between Community aid and bilateral aid, to ensure better use of the available human and financial resources, and
- how to build up the partnership with the recipient country.