



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

concerning the development of the external service

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**COMMUNICATION FROM THE COMMISSION CONCERNING THE
DEVELOPMENT OF THE EXTERNAL SERVICE**

1. INTRODUCTION

1.1. Since March 1996 the Commission has approved a series of Communications on the development of the External Service¹. These Communications dealt with various aspects of the development of the External Service: the regionalisation of the existing network of Delegations, the redeployment of staff, altering the balance of Brussels-based officials and locally hired staff within a Delegation, the opening of new Delegations, training, career planning, co-operation with Member States' diplomatic services, and relations with the Parliamentary Delegations and Committees.

1.2. The purpose of this Communication is to set out proposals for a further development of the External Service. It makes the case – subject to budgetary resources - for:

- a) The strengthening of Delegations to achieve priority objectives and in particular the objectives of the reform of external assistance management (SEC (2000) 814); and
- b) The adjustment of the network of Delegations, including the possibility of opening certain new Delegations.

These two objectives will need to be weighed against one another, as well as being considered against the resources available for their achievement.

1.3. In order to pay for these desirable objectives, the Communication considers possibilities for savings through:

- changing the staff balance within some Delegations between officials and local staff (4.5. below);
- further regionalisation of the Commission's external representation by the creation of some additional Delegations accredited to several countries, and consequent redeployment of posts (5.2. below);
- reduction in size or even closure of some Delegations.

1.4. The Commission's aim is to create an integrated External Service comprising the staff in Delegations and in all the RELEX Directorates General and Services. This will imply a collegiate management structure for headquarters and Delegation

¹ The report on the Longer Term needs of the External Service (SEC(96)554) of 27 March 1996 "Recomposition of staff and rationalisation of the network" (SEC(96)554/2) of 27 March 1996 "Development of the External Service of the Commission" (SEC(97)605) of 8 April 1997 "Multi-annual plan for allocation of resources of the External Service" (SEC(98)1261) of 8 April 1998 "The development of the External Service" (COM (1999)180) of 21 April 1999

personnel, as recommended in the proposals on the reform of the EU's External Assistance. It will make it easier to arrange the return of officials to headquarters after a period abroad. And it will thus promote the potential for proper career planning within the External Service in conformity with the Commission's reform proposals.

An overall review of the administration of the External Service was agreed by the RELEX Commissioners in June 2000. Detailed proposals are in preparation and will be submitted to the Commission.

2. DECONCENTRATION AND DECENTRALISATION

2.1. Deconcentration means passing responsibility for development aid from Headquarters to Delegations. Decentralisation means passing responsibility from the Commission to the beneficiary country.

The Commission's proposals on reform lay great emphasis on delegating responsibility to officials as a means of attaining greater efficiency. This principle will be applied to the management of Delegations. Indeed, it has already been applied to varying degrees in PHARE countries, ACP countries and Bosnia. The communication on the Reform of the Management of External Assistance² states: -

"Anything that can be better managed and decided on the spot, close to what is happening on the ground, should not be managed or decided in Brussels. It will be far easier to ensure effectiveness and "ownership" of aid management.

An analysis of various RELEX programmes, in all geographical areas, shows that almost 60% of the amounts committed in 1999 already went to either decentralised or devolved programmes. It is proposed to make the best use of the comparative advantages of certain models: Phare, European Development Fund, South Africa, Sarajevo.

The option proposed is that of extensive devolution to the Delegations. The successor to the SCR should not act, in other words, exclusively from its Headquarters in Brussels. It should also be represented within Delegations. Project management would follow instructions from Headquarters and be backed up by the Office's higher-profile sectoral, technical and financial departments. Local staff of the Office would work under the authority of the Head of Delegation. RELEX Directors-General will draw up appropriate guidance for staff to ensure smooth and effective reporting lines and suitable arrangements for subdelegating authorising officer powers.

This reform will probably require:

- human resources for the Delegations (redeployment of officials' posts within the External Service and additional resources to boost numbers at Delegations which are currently understaffed and to allow new Offices or Delegations to be opened; assigning of some of the office's staff to the Delegations);
- computer equipment and systems (including SINCOM II);

² SEC(2000)814

- ancillary measures: appointments policy, training plan, revision of financial procedures, checking and auditing arrangements.

Decentralisation is a desirable objective, though it is not appropriate in every partner country. It requires that all the necessary measures and precautions (checks, monitoring, auditing, penalties) are put in place to ensure that the partner countries manage the funds properly (co-management)."

- 2.2. Deconcentration, wherever it is applied, will require statutory staff in Delegation to manage the contracts and the budget. Deconcentration, by its very nature, will mean that some redeployment of staff from Headquarters will be necessary as it will not be possible to provide all the human and financial resources by means of redeployment from Delegations. The report on the Reform of the Management of External Assistance proposes "to add a commentary to Heading 4 budget lines where justified (...) to allow a percentage for operating expenditure connected with programme management by the Commission departments including staff costs and expenditure on equipment".
- 2.3. Also, even with deconcentration, with its dispersal of specialised staff throughout the Commission's external representations, it is necessary to retain at headquarters a significant number of specialists in the technical, contractual and financial management of development aid. These need to be available to provide advice and assistance to Delegations when required.
- 2.4. The posts made available for redeployment under the proposals for recomposition and regionalisation may help, in part, to supply the necessary resources for deconcentration. However, a large part of these posts will be needed to carry out additional tasks required of Delegations (meaning tasks in the framework of enlargement, regional integration, sectoral policies, political reporting, trade policy, press and information, human rights, etc). Furthermore, deconcentration will require special skills which will not necessarily be found through the redeployment exercise.
- 2.5. The Commission will, therefore, at the appropriate moment and when the final dispositions for deconcentration and externalisation are known, analyse the consequent need for additional posts in Delegations. The extent to which this need can be met will determine whether the policy of deconcentration can effectively be carried out and the extent to which the Commission will have to abandon certain activities to accommodate the policy of deconcentration.
- 2.6. The document in Annex Ia to this communication sets out in detail the degree of deconcentration and decentralisation reached so far. In particular it states that, in addition to ACP countries where a degree of deconcentration has always been practised, deconcentration has achieved an advanced state in ten applicant countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) as well as in Bosnia.
- 2.7. As part of the implementation of the decisions on the reform of the management of External assistance (including the creation of Europe Aid) and the results of impending decisions on externalisation, the Commission will prepare a multi-annual programme of Delegations to which the deconcentration process will be extended.

3. THE ROLE OF THE DELEGATIONS

- 3.1. The initial purpose of the Commission's presence in third countries was to represent the Commission in a limited number of industrialised countries and to oversee the implementation of the Commission's development co-operation within the Yaoundé and Lomé framework. This was extended later to other areas (the Mediterranean, Asia and Latin America). Finally in the 1990s Delegations were opened in Central and Eastern Europe (in countries which are now candidates for accession) and in the former Soviet Union. The supervision of aid programmes remains a major role of Delegations in all parts of the world except those in the industrialised countries where political and economic reporting and trade policy matters are predominant, or accredited to certain international organisations (in New York, Geneva, Rome, Vienna and Paris).
- 3.2. The deconcentration of responsibility for development aid from Headquarters to Delegations and the decentralisation of responsibility from the Commission to the governments of the beneficiary countries will mean that many Delegations will continue to have co-operation as one of their major tasks. Their role in the implementation of co-operation will change as they receive authority to act directly on behalf of the Commission (as is already the case in PHARE countries and in Bosnia) and as the beneficiary countries assume more responsibilities in the management of external assistance. In particular, Delegations will be called upon to lead the policy dialogue with beneficiary countries as well as operational co-ordination with the Member States' representatives on the spot within the framework of reinforced multi-annual programming.
- 3.3. Given that trade policy is a subject of Community competence, Delegations already play an important role which, in certain cases, will need to be developed, in ensuring that the Commission receives sufficient and timely briefing on the attitudes and policies of third countries and notably, of course, of the principal trading nations. In many countries Delegations are also called upon to negotiate trade matters under instruction from headquarters.
- 3.4. Delegations also have tasks of information and representation. In many countries, what the EU is, how its various institutions function, and what its policies are, are often very imperfectly known. There is therefore a major role of information and explanation to be carried out, often in conjunction with the Member States. This means that Delegations must cultivate good working relations with the local media, academic institutions, business, etc. The Commission has recently decided an enlargement communication strategy which foresees a particular effort in accession countries to help them prepare for membership of the Union. As a practical example of deconcentration, Delegations in accession countries will be directly responsible for implementing this strategy by means of locally agreed contracts.
- 3.5. It must also be remembered that Delegations are Delegations of the Commission as a whole and not merely of the RELEX services. It is therefore open to all services of the Commission to call upon the Delegations to provide information, make démarches and maintain useful contacts, all under the authority of the Head of Delegation. This is particularly important when the Commission is negotiating or participating in international fora (e.g. WTO, the recent UN conferences on the environment, the role of women in society, population, urban environment, etc). Equally, with the transfer of certain Third Pillar subjects (immigration, asylum, visas,

etc) to the First Pillar, many Delegations will inevitably be called upon to develop an expertise in these subjects.

- 3.6. The most recent and highly significant change in the role of the Delegations has resulted from the increasing role of the Commission in the Common Foreign and Security Policy. All Delegations are now expected to provide regular political reporting on local and regional matters and to consult and co-ordinate on these issues with the local Embassies of Member States. This enables the Commission to contribute at all levels to the CFSP. It also enables it to tailor its actions under the First Pillar so as to be coherent with the EU's wider political objectives. Delegations in accession countries have especially extensive and sensitive reporting obligations. They are required to report in detail on the administrative capacity of the accession countries to implement the 'acquis communautaire' and monitor compliance with commitments made during negotiations. The significance and sensitivity of that monitoring means that it can usually only be carried out by officials.
- 3.7. Commission Delegations, with the Presidency, seek to promote co-ordination on the spot so that the EU is seen as speaking with one voice and thus constituting a valuable partner of the host country. Increasingly, there are joint representations to the local authorities as well as common reporting to headquarters.
- 3.8. The Commission is present in 123 third countries and 5 international organisations. Thus, in many cases, it is represented where the Presidency is not. As the only permanent member of the Troika in third countries, the Commission has a particularly important role to play in ensuring continuity and coherence with the Brussels policy process, in close liaison with the CFSP High Representative Secretary General of the Council and his staff.
- 3.9. Heads of Delegation's political reports are now automatically sent to the High Representative. In addition to the political reporting, the Delegations can play a role in assisting the High Representative and the members of the Policy Planning Unit in organising their visits to third countries.

Similarly, the Delegations of the Commission are available to help the European Parliament or any of the other institutions of the EU.

- 3.10. The increasing role of the Commission's External Service means that it is required to continue to develop the professionalism of the Service. Already there is a regular rotation of staff in Delegations involving, each year, some 25% of the staff. Similarly the Commission has recently introduced the obligation to serve abroad for category "A" officials (see the communication of 8 April 1997).

The Commission is increasingly implementing the training plans envisaged for the External Service (the communications of 8 April 1997 and 21 April 1999).

In particular the Commission now organises regular pre-posting courses for officials leaving for Delegations including specialist modules for Administrative Assistants and Secretaries. It organises every year training for those posted in Delegations which is both knowledge-based and skill-based. On management training the External Service (and especially Heads of Delegation) will profit from the new management training which the Commission is setting up.

In 2000 the External Service has helped to finance training on “Project Cycle Management” and on “Financial and Economic Analysis of Development Projects” for both officials and local agents in Delegations. It is also planning to organise regional training for Delegation staff on management of the imprest account.

The Commission will also participate in the newly-created European Diplomatic Programme.

In line with the Commission's decision on reform, mission statements for each Delegation and job descriptions for members of staff will be prepared.

- 3.11. The Commission seeks to maintain close contacts with the diplomatic services of the Member States. Following the conclusion of the Treaty on European Union it set up a “partnership” programme to enable a certain number of Member State diplomats and officials to serve in Delegations, the costs being shared roughly equally between the Commission and the Member State. There are 7 such officials in Delegations at present. Additionally a small number of Member State officials have been put at the disposal, free of charge, of Delegations in a limited number of ACP countries to supply specific development cooperation skills which the Commission lacks.
- 3.12. Finally, in its 1999 communication on the External Service the Commission offered to receive Member States diplomats into its Delegations in cases where Member States wished to be represented in a third country but did not wish to incur the expenses of maintaining an Embassy. Until recently two Member States had established such a presence, in Burundi and Sierra Leone respectively.

4. THE STAFFING OF DELEGATIONS AND REDEPLOYMENT

- 4.1. Delegations of the Commission were opened in different parts of the world as a function of the evolution of the EU's relations with different geographic zones, of the growth of the role of the EU in the world and also ad hoc events in the course of the development of the Union.
- 4.2. Thus the opening of Delegations began in the ACP countries and a number of industrialised countries and International Organisations. It then progressed to the Mediterranean, Asia and Latin America and, finally, to Central and Eastern Europe and the Republics of the former Soviet Union.
- 4.3. One of the consequences of this progressive opening of Delegations was that the budgetary context was not the same for the opening of Delegations in each part of the world. Thus it was that, when the Delegations in ACP countries were opened in the 1960s and 1970s, relatively greater resources were available than when the Delegations in other parts of the world were opened. Staffing practices have also evolved over time.
- 4.4. This is one important reason why there are, in most ACP Delegations, many expatriate officials and few or no Group I (university level) local agents. The situation in the Delegations that were opened in the 1990s in Central and Eastern Europe and the former Soviet Union is quite the reverse with relatively few officials and many local agents at university level.

- 4.5. The Commission therefore intends, as a first step, to establish a better balance between statutory officials and local agents at university level (group I) responsible for development assistance. This balance will be established in all Delegations, taking due account of the circumstances in which they operate. Further proposals for staff redeployment will be made once such a balance has been identified on the basis of clear criteria for measuring workload and other relevant factors at Delegations.

The statutory posts thus made available for redeployment would be used to strengthen existing Delegations, especially those whose present workload is particularly heavy in relation to their staffing. If resources permit some redeployed posts could be used for the opening of new Delegations. A first list of posts to be redeployed is attached at Annex II. This consists of 25 A, 3 B and 2 C posts.

- 4.6. The purpose is to achieve a better balance between officials and local agents. The statutory posts to be redeployed could be replaced by local agents (at the level of local agents or ALAT's - "Agents locaux d'assistance technique" who are neither nationals of the host country nor permanently resident there) if justified by the analysis of the Delegations' activities. The replacement of official posts by local agents will be done in such a way as to respect the need for certain public service tasks to be carried out by officials. It will also take account of the quality and availability of local expertise.

- 4.7. The decision to replace the redeployed posts with local agents will need to be taken on a case by case basis after having examined the overall workload of each Delegation concerned. Indeed the Commission is now embarked on an exercise to set objective criteria to determine the overall workload of each Delegation. The criteria, once established, will be used both to determine the destination of the posts redeployed in the present exercise and also to determine whether further redeployments are necessary to achieve the optimal use of the External Service's human resources.

- 4.8. Staffing levels should also be re-examined in the Delegations in Washington, Tokyo, Geneva, New York, Paris and Vienna.

- 4.9. Where it is necessary to replace an official by a Group I local agent or ALAT the redeployment of officials will only take place when funds are available in the budget to recruit such local staff. **Posts will be redeployed over a four year cycle as and when they would normally be included in the annual rotation exercise.**

5. THE REGIONALISATION OF DELEGATIONS

- 5.1. One way in which the External Service has expanded geographic coverage within existing resource limits is through regionalisation. This involves regrouping in one Delegation a significant number of qualified officials giving it adequate means to service the countries to which the regional Head of Delegation is accredited.

- 5.2. At present 31 Delegations, over a quarter of the total, have a regional responsibility, their Head of Delegation being accredited to more than one country. .

It is envisaged that the regionalisation of the Commission's network of external representation be extended. This would involve transforming two current Delegations (Cape Verde and Togo) into Offices and attaching them to Delegations

(Senegal and Benin respectively) which, with reinforced resources, will take on regional responsibilities. . This would permit the redeployment of two additional A posts.

Other new regional Delegations may be envisaged in the context of possible new openings.

An alternative method of regionalising posts of the External Service is to regionalise certain advisory functions whereby a regional advisor provides specialist advice or sectoral support to a number of Delegations, which remain as separate Delegations. This is already current practice in certain cases and the Commission will seek to extend it where appropriate.

6. THE NETWORK OF DELEGATIONS

- 6.1. The purpose of redeployment is to make the best use of existing resources and to provide, at the lowest cost, additional resources to strengthen existing structures. If (following this redeployment; the Peer Group exercise; and any subsequent bid to the budgetary authorities) resources permitted – and depending upon the relative priority accorded to improving the network, streamlining and strengthening Delegations in order to fulfil the proposals in SEC (2000) 814 on the management of external assistance – the Commission would propose changes in the network of Delegations and Offices.
- 6.2. There are strong arguments for extending the Commission’s network of Delegations and Offices in several countries. But there may also be cases in which the network can be rationalised though the resizing or even closure of some existing Delegations.
- 6.3. The case for new openings tends to be based on one of two criteria – in some cases, both:
 - the importance of the host country for the EU in political, economic or trade policy terms
 - the need to ensure on-the-spot management of the Commission’s co-operation programmes.
- 6.4. The Commission agreed in 1998³ on a list of political priorities for the opening of new Delegations and Offices. However, the absence of the necessary resources, both human and financial, and changing political circumstances has made it impossible to realise those objectives. A large part of the limited resources available in 1999 were used to strengthen the Commission's representation in fYROM and Albania following the crisis in Kosovo. The Envoys' Offices in Croatia and fYROM were transformed into Delegations. These measures, together with the opening of the Agency for Kosovo, means that, in terms of geographical spread, the Commission is adequately represented in the Balkans.

³ “Multi annual allocation of resources of the External Service” SEC(98)1261 of 8 April 1998. Countries mentioned were: Delegations in Croatia, FYROM, Saudi Arabia, Malaysia, Uzbekistan, Switzerland; Offices in Taiwan, Paraguay, Ecuador

Starting from the 1998 list possibilities for the opening of Delegations could include countries in South East Asia (both some that are commercially important for the EU and some that are important recipients of assistance), countries of Central Asia and of the Arabic and Islamic world (the Commission has no representation in the Gulf area). . Decisions to propose the opening of new Delegations will depend upon the availability of resources notably following the conclusion of the present review of activities of the Commission and taking into account the priority need to reinforce existing Delegations.

The identification of Delegations with a potential for resizing or closure will be included as part of the exercise of determining the workload of each Delegation referred to above (paragraph 4.7.).

7. SUPPORT STAFF

Administrative Assistants

- 7.1. Given the complexities of managing a Delegation in a third country, Delegations with more than 15 (or, alternatively, 20) staff should, in most cases, have a B grade official as Administrative Assistant.

Additionally Delegations which have or will have regional responsibility for the imprest accounts of dependent Offices (Fiji, Guyana, Lesotho, and Trinidad and Tobago) should have an official as Administrative Assistant regardless of the size of the regional Delegation. This would require a maximum of 14 (or, alternatively 8) B posts. This request will be examined in the global assessment of resources made by the Commission.

- 7.2. As part of the regionalisation process the Administrative Assistants in the regional Delegations will take over responsibility for the imprest account in the Offices attached to the regional Delegation. This will reduce the number of imprest accounts in the External Service and should improve the quality of the management of its budget.
- 7.3. There are already 14 regional Delegations that have taken responsibility for the imprest accounts of the Offices attached to them.

Secretaries

- 7.4. Traditionally there have been very few C grade officials (i.e. Secretaries) in **ACP** Delegations.
- 7.5. However since the entering into force of the Treaty on European Union and the Amsterdam Treaty Commission Delegations have assumed a greater responsibility in the Common Foreign and Security Policy. The increased volume of confidential business, including political reporting to headquarters, makes it desirable that each Head of Delegation have an official as secretary or, at the minimum, an ALAT.
- 7.6. 53 Delegations are covered by such a consideration. 15 Delegations have been identified as priorities. This request will be examined in the global assessment of resources made by the Commission.

8. CONCLUSIONS

- 8.1 The priority which the Commission accords to **the opening of new Delegations** – however desirable – needs to be weighed against the competing priority to **strengthen existing Delegations, and to deconcentrate**. Substantial strengthening of Delegations will be necessary to achieve full and effective implementation of the reform of external assistance – SEC (2000) 814.
- 8.2 Both priorities, of course, need to be set against the availability of resources to fund them – and both will be expensive. Since a Delegation's remit requires a minimum of functions, each new Delegation will need to have at least two A officials, a B official, a C official and an Office must have one A official.
- 8.3 It is difficult to cost the **deconcentration/externalisation** proposals – but each statutory post in a Delegation costs approximately € 260,000 in the first year and € 204.000 in subsequent years.
- 8.4 The Commission will seek to generate the largest possible share of resource requirements through:
- a continuing programme to ‘localise’ and streamline staff of existing posts;
 - regionalisation programmes.
 - resizing of some posts in the light of changing workload and priorities.
- 8.5 It is unlikely, however, that this multiple reallocation exercise within the External Service will release sufficient resources to meet all the identified needs. **The remaining needs must be measured against other Commission priorities. To the extent that they can still not be met,–additional resources may have to be requested in the context of the global assessment of resources presently being made by the Commission.**
- 8.6 Specific proposals on changes to the network of Delegations and Offices will be submitted to the Commission for a decision individually depending on resource availabilities. The Council and Parliament will be informed of the Commission decision.
- 8.7 It is therefore considered necessary to undertake:
- A first redeployment of statutory staff from one Delegation to another (4.5.);
 - The replacement, where necessary, of the staff thus redeployed by local agents if resources are available (4.6.);
 - The regionalisation of a further two Delegations (5.2.);
 - A continued analysis of the circumstances in which the Delegations operate with a view to establishing a better balance between statutory officials and local staff in the Delegations, on the basis of which an analysis of the specific situation and comparative workload of each Delegation might yield further proposals, where the need is proved, for additional redeployment (4.7.);

In the light of the above, the appropriate adjustments in the network of Delegations and Offices, including the opening of new posts if adequate resources are allocated as a consequence of the present review of activities of the Commission.(6.4).

...

DEVOLUTION/DECENTRALISATION

1. INTRODUCTION

1.1. **Devolution** (*déconcentration*) and **decentralisation** have taken on a particular meaning in the context of the Commission's external assistance:

- Devolution describes a transfer of functions and/or responsibilities in aid management from Headquarters to the Delegations;
- Decentralisation describes a transfer of functions and/or responsibilities in aid management from Headquarters and/or the Delegations to the recipient countries.

There is no evidence that the two processes are necessarily linked: we can have devolution without decentralisation (see Sarajevo) and vice versa (see budgetary support programmes and, to some extent, the Phare programme prior to the 1998 devolution). The issues involved in **devolution** are different from those involved in **decentralisation**, despite having some things in common (particularly the factors vital for success) and despite the fact that it would be best to bring them together (eventually, at least) because of the synergies that would be generated.

The primary motivation for **devolution** is a desire to make **aid management more efficient**: to bring decision-making closer to the destination of the aid (to speed up project programming, identification and implementation (it is hard for Headquarters to foresee all the implications of its decisions and room has to be left for a rapid response to local developments), to reduce the duration and complexity of administrative processing, to rationalise the use of human resources and cut down prior (*ex ante*) verification, to give those involved a sense of responsibility, to step up coordination with the Member States, to increase visibility and so on.

The primary motivation for **decentralisation** is **political**. The main aim is to have the recipient countries take control of aid by bringing decision-making closer to the destination of the aid. This policy was put into practice very early in the case of the ACP countries. More recently, decentralisation within the Phare programme has become an important component of the pre-accession strategy and a vital link in the chain of preparing the future Member States; it will allow them to get used to the procedures and principles involved in the management of structural policy instruments.

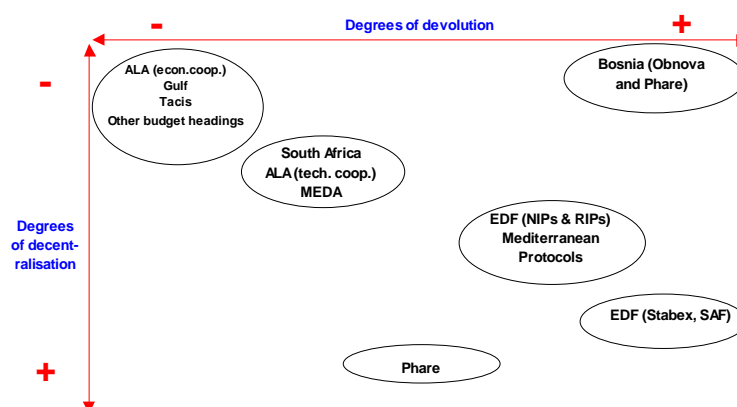
1.2. As explained in the communication on the reform of management of external aid, adopted on 16 May 2000 by the College (SEC 814/5), the Commission has set itself ambitious objectives following the adoption of some important initial measures:

- devolution/increased decentralisation of some programmes (Phare, Sarajevo, reconstruction of Kosovo, the post-Mitch reconstruction programme in Central America);

- coordinated and structured debate on devolution and decentralisation with input from the Commission Delegations, taking into account existing initiatives. A questionnaire on the subject was sent to all the Delegations on 9 March 1999;
- conducting devolution and/or decentralisation experiments in some pilot Delegations.

2. EXPERIMENTS ALREADY CARRIED OUT BY THE COMMISSION IN THE FIELD OF DECENTRALISATION/DEVOLUTION

2.1. There are different degrees of devolution/devolution depending on the type of aid



Note that **almost 60% of the funds committed in 1999 (under the budget and the EDF) were for instruments with varying degrees of devolved or decentralised management.**⁴

The instruments in question were either designed that way from the outset (EDF and, to a degree, Phare) or are recent initiatives (such as Phare or operations in Sarajevo) whose management has been gradually devolved (often in response to calls from the European Parliament or recommendations made by the Court of Auditors).

The role and the structure of the Delegations has evolved in response to the functions and responsibilities allocated them.

Commission Delegations in the ACP countries have developed from the earlier “EDF delegate controllers” who were in charge of implementing Yaoundé (and later Lomé) policies and monitoring implementation of EDF-financed projects on the ground. Project management has thus remained the core of the delegations’ activities. More political functions have been added on and grown in importance gradually.

By contrast, the delegations in Phare and ALA countries were set up initially to provide political representation. Recent devolution of project-management functions and responsibilities, and a concentration of more political functions at Headquarters

⁴ Phare, EDF and Sarajevo.

has radically altered the role of these delegations, resulting in organisational adjustments which are still in progress.

- 2.2. Implementation of **the EDF** is governed by the Lomé Convention and the guiding principle is that of joint management: the ACP countries have responsibility for their own development. The different Conventions set out the responsibilities of the National Authorising Officers, Heads of Commission Delegations and the EDF Chief Authorising Officer. The National Authorising Officers, appointed by the ACP countries, are in charge of project implementation. Any major decisions they take must be approved in advance by the Head of Delegation. The Chief Authorising Officer, appointed by the Commission, is responsible for ensuring that the ACP countries administer funds properly and for keeping the EDF accounts.

This means that the Commission works in a decentralised manner in the 70 ACP countries through Commission delegations which monitor those countries' implementation of projects.

In addition to preparing programming activities, the Delegation plays a central role in identifying and appraising projects and drawing up financing proposals. The Heads of Delegation are empowered to adopt financing decisions for technical assistance of up to EUR 80 000. Contracts are signed by the National Authorising Officer (contracting authority), with financing being approved by the Head of Delegation. 60% of payments are implemented locally (responsibility for authorising these payments was transferred to the delegations in April 1998). In the case of other payments (except structural adjustment payments, Stabex payments and some contract advances), the Delegation issues a "details correct/conforme aux faits" endorsement prior to implementation by Headquarters.

Furthermore, under the new post-Lomé ACP-EC Agreement signed in Cotonou (Benin) on 23 June this year, the Commission has undertaken to devolve more administrative and financial responsibilities to the Head of Delegation (implementation of the 9th EDF). One important development is the provision that Heads of Delegation will be given financial decision-making powers under a given ceiling (to be decided in talks with the Member States). Another is the principle that strategies and indicative programmes will be reviewed at local level.

In so doing, we must ensure that the policy of regionalising the Commission external representation network does not reduce aid management capacity.

- 2.3. The Phare programme was set up in 1989 as a way of providing support for economic restructuring. Under the Phare Decentralised Implementation System (DIS), responsibility for running the programme was decentralised (in the wake of a Commission Decision in Brussels following consultation of the partner countries and the Member States) and given to the partner countries.
- the partner countries' national authorities act as contracting authorities for most of Phare's funds;
 - the Commission approves contract decisions for financing purposes (tender dossiers, tender evaluations and contracts); the delegations formerly had this power up to a EUR 500 000 limit;

- the Commission advances funds to the contracting authorities on the basis of work programmes setting out the contracts already awarded, payments made locally and six-month forecasts;
- payments to contractors are implemented directly by the partner country; the Commission does not intervene.

In 1998, the process of devolving power to the delegations continued, with the establishment in the delegations of the function of “Financial Officer”. The Financial Officer’s role is to act as a counterweight in all contract decisions (checking their legal soundness and that the proper tendering or contract-award procedure has been used) before final approval for funding by the Head of Delegation. With this system in place, the Commission decided to raise the maximum contract value which the Head of Delegation could independently approve for funding from EUR 500 000 to EUR 5 million. This devolution of additional powers was implemented at the end of 1998 in seven (Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia and Czech Republic) of the ten Delegations in the Central European candidate countries. In June 1999, instructions extending devolution to all ten of those delegations were adopted (adding Bulgaria, Romania and Slovakia).

The payment arrangements were overhauled by setting up a National Fund, managed by a National Authorising Officer, in each recipient country. The Commission transfers allocations to the National Fund, leaving it to the National Authorising Officer to supply the various Implementing Agencies responsible for carrying out projects and to make final payments to contractors. Decisions regarding allocations for the National Funds are made by Headquarters on the basis of requests from National Authorising Officers, approved by the delegations.

Putting in place a system of devolved management required the redeployment of nine officials’ posts to the delegations in Phare countries in 1998 (for Financial Officer posts) . The 1998 decision also provided for the equivalent of eleven posts (in funding terms) for non-officials. The staff in question took up their duties in the 1999 budget year.

- 2.4. In 1998, the Commission embarked on a large-scale process of devolving Phare and Obnova implementation to its Sarajevo representation (which has since become a Delegation).

All Phare and Obnova financing decisions are taken in Brussels.

The power to sign contracts of up to EUR 5 million and to authorise all payments has been subdelegated to the head of the Sarajevo office.

Since its connection in January 1999 to SINCOM, the computerised accounting system for the Budget, the office has been able to authorise commitments (stemming from decisions taken in Brussels) and payments directly.

Putting in place a system of devolved management required the redeployment of eight posts for officials to Sarajevo, five of which were used to increase the strength of the “Operations” and “Control and Finance” sections. Administrative staff have been recruited through the STAP and ATA technical and administrative assistance

facilities. The two sections have a total of 26 staff overall (including local staff and support staff), including fresh recruits taken on at the end of the year.

2.5. The Commission has recently decided to devolve the running of two large reconstruction programmes:

- in Kosovo, the European Agency for Reconstruction has been made responsible for identifying projects and programmes, drawing up financing proposals for the Commission to deliver a decision on, and for implementation (including all contract operations and all payments);
- in Central America, the plan is for the Delegation to take charge of all the implementation of the post-Hurricane-Mitch reconstruction programme; as the Council has not granted the Commission's request for extra staff (20), the temporary solution found has been to redeploy six official's posts from the RELEX DG, backed up by administrative and technical local staff (ALAT) and technical assistance.

A number of microprojects (chiefly under Meda, Phare and Tacis) are run by the delegations using imprest account funds authorised by the Accounting Officer. Phare alone has over 300 imprest accounts and so, in the interests of devolved management, SINCOM 2 is being installed in the Delegations of ten Phare candidate countries (involving equipment for communicating with Headquarters and staff training). All should be up and running by the end of the year.

SUMMARY OF THE DELEGATIONS⁴ REPLIES TO THE SURVEY ON DEVOLUTION/DECENTRALISATION (APRIL - JUNE 1999)

Main Points

The survey on devolution/decentralisation was sent to 99 Commission Delegations in March 1999 in order to identify the prospects for devolution and decentralisation of all phases of the project cycle and the principal obstacles to such a policy.

Contributions came from 53 Delegations covering 77 countries eligible for EU aid.

Their replies confirm that the Delegations want to intervene more actively in all phases of the project cycle. A detailed analysis of their replies will help us formulate different methods for devolution/decentralisation.

In the annex there is a detailed explanation of the methodology used and a breakdown by subject of the Delegations' replies concerning the constraints on devolution/decentralisation and the systems that should be developed in support of the policy. The main conclusions are:

Main constraints on devolution

- **Insufficient manpower** in the Delegation (this point was raised by 33 of the 53 Delegations), **mismatch between the profiles** of the staff in the Delegation and the tasks to be carried out (raised by 14 Delegations) and **lack of appropriate training** (16 Delegations): an initial evaluation by 39 Delegations of the additional human resources that should be allocated to them produced a figure of 116 jobs.
- **Insufficient computer equipment** in Delegations, **lack of computerised management systems** (local software or access to the systems at Headquarters) and **technical difficulties** in communicating with Headquarters: 24 of the 53 Delegations asked for an upgrading of their PCs and 10 Delegations were waiting for the installation of a local network; 18 Delegations wanted access to the databases and computerised management systems at Headquarters and 9 Delegations needed a computerised management system for project implementation.
- **Organisation of Headquarters ill-suited to decentralised management.** Delegations asked for an overhaul of the functions of Headquarters with a view to a greater focus on support and services for the Delegations: management of Delegation staff (training, selection/rotation, etc.), design and simplification of management instruments (computer systems, instruction manuals, etc.), advice on specific subjects, and checks/evaluation.

Main constraints on decentralisation

- **Insufficient financial, human and technical resources** available to the authorities of the recipient states (this point was raised by 25 of the Delegations) and **lack of appropriate training** for civil servants in the recipient countries (18 Delegations).
- **Organisational difficulties** on the part of the public authorities in the recipient states, in particular: lack of involvement of the authorities concerned (12 Delegations), lack of transparency, no clear definition of responsibilities, sluggish procedures and bureaucracy (13 Delegations), excessive politicisation of aid programmes (7 Delegations), and corruption (9 Delegations).

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1. INTRODUCTION

- ✓ The devolution/decentralisation questionnaire was sent out by the SCR at the beginning of March 1999 to 99 Commission Delegations: 48 in ACP States, 11 in Latin America, 9 in Asia, 12 in the Mediterranean, 15 in the CEECs/Balkans and 4 in the NIS.
- ✓ 50 Delegations answered the survey using the required format (often accompanied by additional memos) and three Delegations preferred to reply just by memo.
- ✓ The replies received and analysed here, which cover 77 eligible countries, are representative of the EU's activities in the field of aid for non-member countries.
- The replies to questions 1 to 3 (current situation (tasks)/prospects for decentralisation/prospects for devolution) confirmed that the Delegations wanted to intervene more actively in all phases of the project cycle. A detailed analysis of these answers will help us devise different devolution/decentralisation methods.
- This document aims to summarise the Delegations' replies to questions 4 to 9 (Constraints on devolution/Constraints on decentralisation/Systems in support of devolution) with the aim of identifying support measures for the implementation of real devolution/decentralisation.
- All the Delegations' replies to the questionnaire (including the memos) are available on the SCR's Intranet site.

2. LIST OF QUESTIONS PUT TO THE DELEGATIONS

2.1. Current situation (tasks)

- ✓ Indicate all the tasks carried out by the Delegation for each stage of the project cycle.

2.2. Prospects for devolution

- ✓ Indicate the tasks which, in your opinion, should be devolved from Headquarters to your Delegation for each stage of the project cycle.

2.3. Prospects for decentralisation

- ✓ Indicate the tasks which, in your opinion, should be devolved from Headquarters and/or your Delegation to the recipient countries for each stage of the project cycle.

2.4. Constraints on devolution

- ✓ Indicate what, in your opinion, are the main constraints on devolution of certain tasks from Headquarters to your Delegation.

2.5. Constraints on decentralisation

- ✓ Indicate what, in your opinion, are the main constraints on the decentralisation of certain tasks from Headquarters and/or your Delegation to the recipient countries.

2.6. Systems in support of devolution

- ✓ Indicate whether, in your opinion, your Delegation is prepared to take up the tasks mentioned under point 2. If so, describe the strong points of your organisation. If not, indicate the changes that would be necessary to organisation.
- ✓ Indicate what information system you would need (hardware and software).
- ✓ Indicate your staffing needs (number and profiles).
- ✓ Indicate which functions should be created or developed by Headquarters in the framework of a decentralised system.

2.7. Current situation (means)

- ✓ Indicate the Delegation's staffing broken down by category (except technical assistance), including any attached suboffices.
- ✓ Indicate the computer systems you have for programme/project management.
 - Delegation computer resources according to a DG IA survey.
- ✓ Indicate the volume (EUR million) of the allocations for the geographical area covered by the Delegation.
- ✓ Indicate the number of current projects, broken down by principal budget headings and EDF.
- ✓ Indicate technical assistance to support the Delegation (in equivalent man/years), broken down by principal sources of financing (TAOs, RESAL, etc.).

3. DESCRIPTION OF THE DELEGATIONS' REPLIES

3.1. Description of the constraints on a devolution policy

3.1.1. Culture and organisation of the Commission

- ✓ Centralising mindset of the Commission and lack of real will to devolve responsibilities 10 Delegations
- ✓ Red tape involved in prior (*ex-ante*) checks and very centralised procedures 10 Delegations
- ✓ Absence of administrative autonomy for the Delegations and complex operating rules 2 Delegations

✓	Lack of a shared vision by Delegation/Headquarters of the constraints on one another	1 Delegation
✓	Lack of defined parameters for a managed devolution	1 Delegation
<i>3.1.2. Human, financial and technical resources in the Delegation</i>		
✓	Insufficient staff in Delegation	33 Delegations
✓	Mismatch between the profiles of the Delegation staff and the tasks to be carried out	14 Delegations
✓	Lack of appropriate training of Delegation staff	16 Delegations
✓	Insufficient support staff (technical assistance)	3 Delegations
✓	Unsuitable equipment (especially computer)	10 Delegations
✓	Lack of management software in the Delegation and of access to the central systems at Headquarters	7 Delegations
✓	Technical communication difficulties between Headquarters and Delegations (telephone network, Internet, etc.)	5 Delegations
<i>3.1.3. Support systems for services given by Headquarters to the Delegations</i>		
✓	Fragmented and cumbersome management procedures and absence of guides and standardised procedures	22 Delegations
✓	Lack of coordination and of clear distribution of responsibilities between the various participants in the Headquarters	6 Delegations
✓	Lack of clear definition of who does what at Headquarters and in Delegations	5 Delegations
✓	Delegations not sufficiently informed (strategies, programming, procedures, etc.)	5 Delegations
✓	Lack of a system to give easy and rapid access to the specialised skills at Headquarters	7 Delegations
✓	Inadequate training of staff at Headquarters	2 Delegations
✓	Lack of a monitoring and control system	1 Delegation
<i>3.1.4. Situation of the recipient state</i>		
✓	Difficult local environment (security situation, technical level, etc.)	2 Delegations
✓	Country lacks attractiveness	1 Delegation

✓	Weak government	1 Delegation
3.2.	Description of the constraints on a decentralisation policy	
<i>3.2.1.</i>	<i>Culture and organisation of the Commission</i>	
✓	Centralising mindset of the Commission (in particular as regards using local contract-award procedures)	2 Delegations
<i>3.2.2.</i>	<i>Culture and organisation of the public authorities of the recipient state</i>	
✓	Lack of involvement of the recipient authorities (ownership, capacity building, etc.)	2 Delegations
✓	Lack of single reception structure within the government	4 Delegations
✓	Lack of transparency and clear definition of the responsibilities of the various actors of the recipient country	8 Delegations
✓	Bureaucracy, lengthy procedures, rigidity of the legal system	8 Delegations
✓	Conflict between the various government actors (at various levels)	3 Delegations
✓	Excessive politicisation of aid programmes and <i>dirigiste</i> approach	7 Delegations
<i>3.2.3.</i>	<i>Human, financial and technical resources of the administration of the recipient state</i>	
✓	Lack of financial, human and technical resources	26 Delegations
✓	Lack of staff training (conceptual tools, information technology and procedures)	18 Delegations
✓	Heavy turnover of administrative staff	5 Delegations
<i>3.2.4.</i>	<i>Support systems provided by the Commission (Headquarters/Delegations) for the administration of the recipient state</i>	
✓	Cumbersome procedures and lack of guides or standardised procedures	7 Delegations
✓	Failure to clearly define respective responsibilities of Headquarters, the Delegation and the recipient state	3 Delegations
✓	Lack of audit and control system	3 Delegations
<i>3.2.5.</i>	<i>Environment characterising the recipient state</i>	
✓	Corruption	9 Delegations

✓	Difficult local environment (security situation, ethnic conflict, tribalism, etc.)	3 Delegations
4.	SUPPORT SYSTEMS FOR DEVOLUTION	
4.1.	Strong points of the Delegations in the framework of devolution	
✓	Suitable organisation	27 Delegations
✓	Knowledge of local circumstances	6 Delegations
✓	Skilled local staff and flexibility of local staff	3 Delegations
✓	Existence of support structures	1 Delegation
4.2.	Prior organisational changes in the Delegation	
✓	Setting-up or strengthening of financial and/or contract units	7 Delegations
✓	Strengthening or maintenance of support structures	2 Delegations
✓	Reorganisation of the Delegation	1 Delegation
4.3.	Requirements in terms of computer equipment and information systems	
<i>4.3.1.</i>	<i>Computer equipment</i>	
✓	Increase number of and upgrade PCs (operating system and standard software)	24 Delegations
✓	Installation and/or upgrading of a local network	10 Delegations
<i>4.3.2.</i>	<i>Computerised management systems</i>	
✓	Access to the databases and computerised management systems of Headquarters	18 Delegations
✓	Computerised management system for project implementation	9 Delegations
<i>4.3.3.</i>	<i>Electronic communication systems</i>	
✓	Access to Europaplus and the Internet	8 Delegations
✓	Secure and reliable communication systems with Headquarters (satellite lines, video conference, etc.)	6 Delegations
✓	Use of electronic mail	4 Delegations

4.4. Additional staff requirements in the Delegation

Only the requests quantified in detail by 39 of the Delegations are presented here.

Number in man/years

Management of development projects

✓ Thematic specialists	51	24 Delegations
✓ Financial management of projects and contract management	26	23 Delegations
✓ Administrative support	16	9 Delegations
✓ Not specified	15	5 Delegations

Other

✓ Coordination	1	1 Delegation
✓ Political-economic monitoring	1	1 Delegation
✓ Press attaché	2	2 Delegations
✓ Administrative support	3	2 Delegations
✓ Security	1	1 Delegation
Total	116	

4.5. Functions that should be created or developed at Headquarters

4.5.1. *Policy formulation*

✓ Adoption of a system to draw lessons from experience on the ground and so adapt cooperation policies accordingly		3 Delegations
✓ Strengthening the role of cooperation policy formulation		2 Delegations

4.5.2. *Provision of appropriate human resources*

✓ Definition and implementation of a programme of staff training for Delegations (including specific training in finance and computers)		18 Delegations
✓ Provision of staff with profiles corresponding to the Delegation's needs (rotation/floaters with sectoral know-how)		7 Delegations

<i>4.5.3. Provision of computerised management instruments</i>		
✓	Setting-up of computer systems accessible to the Delegations	5 Delegations
✓	Creation of a helpdesk at Headquarters to deal with computer problems	4 Delegations
✓	Definition of a standard microinformation technology package for the Delegations	1 Delegation
<i>4.5.4. Information and advice for the Delegations</i>		
✓	Strengthening of the role of advice in specific fields: sectoral policy, implementation of procedures, finance, law, auditing, evaluation, etc.	18 Delegations
✓	Provision of handbooks, procedures, regulations and so on, and their simplification	14 Delegations
✓	Establishment of a system to gather and disseminate best practice	2 Delegations
<i>4.5.5. Monitoring and checks</i>		
✓	Creation of a system for monitoring, ex post checks and evaluation	7 Delegations
<i>4.5.6. Reorganisation of Headquarters</i>		
✓	Simplification of the structure: lessen the number of departments involved, increase coordination and clarify responsibilities	11 Delegations
✓	SCR geographical officials to coordinate liaison between the Delegation and the SCR	5 Delegations
✓	Central interlocutor for financial procedures (facilitator)	1 Delegation

Redeployment - first phase

			Officials (1)			Group I (2)			Recomposition	Comments
			A (3)	B	C	Part A	Part B	Part A + B		
			(1)			(2)				
1	D	Angola	5	1	0	3	0	3	-1	A, in rotation 2000
2	D	Cameroon	6	1	0	1	0	1	-1	A, in rotation 2000
3	D	Cape Verde	2	0	0	1	0	1	-1	A, retires 1/42001
4	D	Central African Republic	4	1	0	0	0	0	-1	A, without budgetary allocation
5	D	Chad	5	0	0	1	0	1	-1	A, retires 2002
6	D	Congo (Brazzaville)	3	0	0	1	0	1	-1	A, without budgetary allocation
7	D	Costa Rica	3	2	1	2	0	2	-1	B, rotation 2002
8	D	Egypt	7	1	1	2	0	2	-1	A, rotation 2001
9	D	Ethiopia	7	1	1	1	0	1	-1	C, rotation 2000
10	D	Ghana	6	1	0	0	0	0	-1	A, rotation 2003

			Officials (1)			Group I (2)			Recomposition	Comments
			A (3)	B	C	Part A	Part B	Part A + B		
			(1)			(2)				
11	D	Guinea (Conakry)	5	1	0	2	0	2	-1	A, without budgetary allocation
12	D	India	6	1	1	7	0	7	-1	A, rotation 2001
13	D	Ivory Cost	6	2	0	3	0	3	-1	A, rotation 2000
14	D	Kenya (without Somalia Unit)	7	1	1	2	0	2	-1	A, without budgetary allocation
15		Somalia (Somalia Unit)	3	0	0	0	0	0	-1	A, return to h.q. 2000
16		Swaziland	1	1	0	1	0	1	-1	B, rotation 2001
17	D	Mali	5	2	0	0	0	0	-1	A, rotation 2002
18	D	Mauritania	5	1	0	1	0	1	-1	A, rotation 2000
19	D	Mauritius	5	1	0	3	0	3	-2	1 A, rotation 2001, 1 A without budgetary allocation
20	D	Namibia	4	1	0	1	0	1	-1	A, rotation 2001
21	D	Nigeria	6	1	0	1	0	1	-1	A, without budgetary allocation
22	D	Sudan	2	1	0	0	0	0	-1	A, without budgetary allocation
23	D	Tanzania	6	1	1	0	0	0	-1	C, rotation 2000
24	D	Togo	2	1	0	0	0	0	-1	B, rotation 2000

			Officials (1)			Group I (2)			Recomposition	Comments
			A (3)	B	C	Part A	Part B	Part A + B		
			(1)			(2)				
25	D	Trinidad & Tobago	4	0	0	0	0	0	-1	A, transfer to Ispra 2000
26	D	Tunisia	4	1	0	2	0	2	-1	A, retires 2002
27	D	Uruguay	4	1	1	5	0	5	-1	A, rotation 2002
28	D	Zambia	6	1	0	1	0	1	-1	A, rotation 2001
29	D	Zimbabwe	4	1	0	2	0	2	-1	A, rotation 1999
									-30	
1) Only RELEX DGs' staff are included										
2) All Grade I dealing with P&I, Pol, AGR, FISH, CLT, AGS, RST, INT, ADM, STR, CPT, etc., are excluded. Included are DHD, NUC, AAL, ENV and AGR (projects)										
3) Heads of Delegation are included										