

Towards more and better EU Aid: the 2006 aid effectiveness package

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PURPOSE : to present a Commission communication on increasing the impact of EU aid. It sets out a common framework for drafting the country strategy papers (CSPs) and joint multiannual programming.

CONTENT : the programming framework for Community CSPs was adopted in 2000 as part of the RELEX reform, as a multiannual programming tool. It was intended as a basic structure on which to model all Community CSPs and a source of information for the Member States when drawing up their strategy papers. The objective was to improve the coherence and quality of external aid programming, to make it more reliable and effective and to promote greater complementarity with what Member States were doing in the field of development cooperation. The Commission put the framework into effect without delay in programming the first generation of CSPs and RSPs (2002-06) and mid-term reviews (2004) for all developing countries receiving support from the European Development Fund and the ALA, Meda, Tacis and Cards programmes.

Progress reports on implementation of the CSP framework showed that rigorous use of CSP/RSPs was an effective and satisfactory way of improving the quality of its programming.

This document updates the 2000 CSP framework setting out the basic elements to be included and the various stages of drafting CSPs.

The revised framework is divided into three sections:

- the 1st highlights the guiding principles for programming;
- the 2nd summarises the nine essential components of future CSPs;
- the 3rd outlines the main stages of the procedure for drawing up future CSPs and arrangements for joint multiannual programming.

Principles of effective programming : certain underlying principles have a guiding influence on the structure of the CSPs. The essential elements within them are described below:

- The **partnership framework**. Strategies must be based on the cooperation and partnership agreements and must be consistent with regional strategies.
- Compatibility with the **objectives of the European consensus**.
- **Consistency**. The strategy and the programming documents must be exhaustive and must take account of the objectives of development policy and other policies that define relations with the partner country.
- **Differentiation** is required in view of the diverse nature of the EU's partners and the challenges facing them. The concept must be applied to general policy and to cooperation programmes.
- **Cross-cutting themes** must be borne in mind, in line with the European Consensus (democracy, good governance, human rights, children's rights and the rights of indigenous peoples, gender equality, a sustainable environment and HIV/AIDS).

- The effectiveness of aid will also depend on other important factors such as **division of labour, complementarity and harmonisation**. Everything must be geared towards maximising the sharing of information between all concerned and complementarity with the activities of Member States, other donors and multilateral agencies.
- **Budget support**, general or sectoral, should be used for implementation wherever possible: this is the golden rule if aid is to be made more effective, and it should be reinforced.
- **Focus** (with flexibility) means selecting a limited number of areas for inclusion when programming Community aid.
- **Ownership by the partner country and alignment**. The partner country's agenda will be at the heart of preparations for the strategy and programming, and these will gradually be aligned with the agenda.
- **A results-based approach**. Programming, implementation and evaluation must always include key indicators for measuring the impact of aid.
- **Involvement of civil society and other actors**. Partnership must be extended to include non-state actors and the private sector, which should be involved in discussing policy, drawing up the cooperation strategy and implementing programmes. Other players, particularly local authorities and parliaments, should also be involved.
- **Learning from the past and reviews**. Lessons learned from the past experience of the partner countries and of donors (field workers and headquarters), and the results of external and internal evaluations should all be taken into consideration and should inform the choices made at the programming stage. Furthermore, CSPs are effective only if their performance is regularly evaluated and strategies adjusted in the light of the findings.

The nine essential components for country strategies: the proposed new CSP framework retains intact the same tried and tested basic approach developed for the 2000 framework. However, it is updated to take account of new practices that have emerged on the international scene and of the EU's new commitment. A strategy document should include the following essential components:

- 1) the framework for relations between the donor and the partner country;
- 2) an analysis of the political (internal and external), economic, commercial, social and environmental situation;
- 3) the partner country's agenda, including the development strategy;
- 4) an analysis of the viability of current policies and of medium-term challenges, based on the analysis of the country's situation and its agenda;
- 5) an overview of past and present cooperation with the donor (lessons and experience), taking account of all external aid instruments, complementarity with other donors' programmes and consistency with other external aid and policy instruments;
- 6) a description of the state of the partnership with the country, including political dialogue and progress towards harmonisation;
- 7) the donor's cooperation strategy and specific objectives, the consistency of the strategy with other external aid instruments and policies, and complementary with other donors;

- 8) on the basis of the elements above, a work programme or National Indicative Programme (NIP) stating measurable objectives, with performance indicators, the contribution to be made by the various donors and the nature and scope of the most appropriate support mechanisms;
- 9) annexes: a summary table for the country, a short environmental profile, a prospective donor matrix, a migration profile (where necessary) including the international protection aspect, an account of consultations with non-state actors and a harmonisation road map where there is one.

The Commission plans to draw up its CSPs using these nine essential components and the proposed format for expanding on them which is set out in the annex.

3) Procedure for drafting a country strategy paper with joint multiannual programming in mind: the new CSP framework should make it easier for the Commission, Member States and perhaps other partners to start joint multiannual programming. In this context, joint programming must be a flexible, gradual and open process, with the partner country playing a leading role, and emanating from the bottom up.

The various stages of joint multiannual programming:

- **Stage 1: Joint analysis :** experience and analyses both show that, whatever models are used, there are a number of elements common to the various donors for a given country. These elements are seen as essential for drawing up a cooperation strategy. In order to reduce transaction costs for the partner country, these elements must be shared and pooled. The elements include evaluation of the global political situation, appraisal of the country's macroeconomic, social and environmental background (with a list of macroeconomic and poverty-related indicators harmonised on the basis of the government's agenda), formulation of the partner country's priorities, analysis of lessons from cooperation in the past, analysis of consistency with the partner country's other policies, analysis of complementarity between different partners' activities and setting out of the harmonisation agenda.

- **Stage 2: Beyond a joint analysis to a joint strategic response:** a joint response strategy comprises the following elements: joint setting of cooperation objectives with the partner country; selection of focal areas, with a division of labour between the partners (donor matrix); outline financial allocations and risk analysis, and commitments by the partner countries on the basis of a joint agreement. Performance indicators will be agreed on, where possible on the basis of the relevant country strategy papers. The indicators will be discussed with the government. There will also be a joint approach to monitoring and evaluation, and joint annual reviews of results and of implementation of the poverty reduction strategy.