



## THE ACP CSP MID-TERM REVIEWS: A CREDIBLE CONTRIBUTION TOWARDS THE MILLENIUM DEVELOPMENT GOALS?

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## INTRODUCTION

*Eurostep*, the author of this paper, is a network of 15 major European Development NGOs with partners in Africa, the Caribbean and the Pacific (ACP) and Asia and Latin America with the aim of pushing for EU policies and practises that advance poverty eradication in the ACP and other regions.

This paper aims to set out our concerns and expectations on the policy, conduct and outcome of the foreseen Mid-Term Reviews (MTRs) of EU Country Strategy Papers (CSPs) for ACP countries. The underlying objective behind this exercise is to ensure that the National Indicative Programmes and Country Strategy Papers effectively advance poverty eradication in line with the goals of European development policy, the ACP-EU partnership and the UN Millennium Development Goals.

The paper in its delineation of our concerns and proposals on the MTRs focuses on four areas: the subject and timing of the Reviews, civil society participation in this process, the poverty focus of the programmes and the resources required for the fight against poverty.

It draws input from ACP civil society through a number of reports of meetings involving civil society from these regions. Specific concerns from ACP civil society regarding the Mid-Term Review process, derived from responses to a questionnaire prepared by *Eurostep* at the onset of the drafting of this paper are also used as a resource.

### The Relevance of the MTRs in the Fight Against Poverty

In ascertaining the relevance and implications of the Mid-Term Reviews it is important to outline the role and significance of Country Strategy Papers. Country Strategy Papers provide the framework for European Community (EC) development cooperation with a given developing country over a period of about five years. These programmes are the EC's principal instruments for cooperation with individual developing countries over that given period.

According to the European Commission the Mid-Term Reviews to be carried out jointly by the EC and the developing countries provide for the most important discussions between the two parties on strategies, resources and programmes to tackle underdevelopment following the adoption of the Country Strategy Papers.

The European Commission Guidelines for the Mid-Term Reviews under the ACP-EC Partnership Agreement<sup>1</sup> state that the MTRs unlike the annual reviews do not only look at the operation of the programme regarding issues such as:

- The speed of the use of previous instalments of the European Development Funds (EDFs)<sup>2</sup>
- The refinement of indicators to measure results in focal sectors and poverty eradication
- The dialogue between EC delegations, ACP governments and Non State Actors
- The programming of aid in the CSP

The Mid-Term Reviews may also adapt a country's strategy by changing the focal sectors of a country's adopted Programme. On the basis of the review the EC may also revise resource allocations programmed for the country in the light of an assessment of current needs and performance.

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<sup>1</sup> European Commission, *Guidelines for 2004 Mid-Term Reviews under the ACP-EC Partnership Agreement – Final Draft* October 2003

<sup>2</sup> The EDF is a fund established by EU Member States outside the EC budget to finance ACP-EU cooperation.

Furthermore, according to the document, the Mid-Term Reviews are also supposed to take account and operationalise, as appropriate, EC policy initiatives taken at the international level, while respecting principles of ownership and concentration of aid. This means that, for the EU, they are supposed to provide a vehicle for translating the commitments that it makes in other fora such as the UN and the Bretton Woods institutions into practice, in effect putting into practice its role as a global player in development cooperation.

Considering that the ACP includes 41 of the world's 48 Least Developed Countries, ensuring that ACP national programmes are focussed on poverty eradication through the MTRs also provides the EU with an important tool for effectively contributing to the Millennium Development Goals and its aim of halving global poverty by 2015. A by-product of this achievement would be an increase in the credibility and legitimacy of the EC co-operation programme.

### **THE SUBJECT AND TIMING OF THE REVIEWS**

The subject of the Reviews and their objectives are unclear when one considers their timing as put forward by the EU. Annex IV of the Cotonou Agreement foresees mid-term reviews of Country Strategy Papers but is not explicit on their exact timing. The March 2003 EU General Affairs and External Relations Council conclusions on the European Commission Common Framework for Country Strategy Papers<sup>3</sup> are however more explicit. The Council states:

*".. CSPs should, as a matter of principle and in an appropriate timeframe, be reviewed at the mid-term point of the implementation period."*

The European Commission Guidelines for 2004 Mid Term Reviews under the ACP-EC Partnership Agreement state that the Reviews should be started and completed during the course of 2004. But this timeframe does not tally with the abovementioned statement from the Council when one considers the timeframe of the ACP CSPs. The lifecycle for all ACP CSPs is supposed to be the period - 2002-2007. Only 20 of the potential 76 ACP CSPs were adopted before June 2002<sup>4</sup>. Most importantly the main source of funds for the CSPs – the 9<sup>th</sup> European Development Fund (EDF) - was not officially accessible before April 2003, when the Cotonou Agreement came into force, following its ratification by EU Member States. This means that implementation was further delayed in many ACP countries and most of them will not be at the mid-term point of the implementation when the Reviews start at the beginning of 2004.

The Commission has countered this anomaly in indicating that ACP countries received funding before the CSPs were adopted under the transitional measures taken between the date of the signature of the Cotonou Agreement in June 2000 and its ratification in April 2003. Following the Commission's reasoning the Reviews in effect are an assessment of the use of all funds received by ACP countries following the signature of the Cotonou Agreement, rather than of the implementation of their adopted CSPs. But this is not in line with the Council's Conclusions or the Cotonou Agreement. Furthermore given the ability of the MTRs to adapt a CSP and revise allocation of funds for the CSPs, it is evident that the subject of the MTRs should be the CSPs and not simply the funds received by ACP countries. But it is hard to see how there can be a meaningful Mid-Term Review of a Country Strategy that has not yet had sufficient time to be put into effect. Conducting Mid-Term Reviews for recently approved CSPs will only serve to undermine the legitimacy of both the programming process and the ACP-EU partnership.

Having emphasised that the subject of the Reviews should be adopted and signed CSPs, it is important to note that a few ACP countries for various reasons such as suspension of aid, political instability and conflicts, have not been able to adopt a CSP. However, these countries

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<sup>3</sup> 18 March 2003: Common Framework for Country Strategy Papers - Council Conclusions  
[http://europa.eu.int/comm/external\\_relations/sp/gac.htm#sp180303](http://europa.eu.int/comm/external_relations/sp/gac.htm#sp180303)

<sup>4</sup> European Commission, *Sectoral Breakdown of 9<sup>th</sup> EDF Programmed in CSP for ACP Countries 2003*

have continued to receive aid through other channels stemming from the EC budget. No mechanisms exist for periodic evaluation of this aid provided to them, and therefore no means of assessing how such aid contributes to the Millennium Development Goals.

### EXPECTATIONS

The MTRs' focus on the ACP CSPs needs to be clear if the CSPs are to be better aligned to the Millennium Development Goals. To this end *Eurostep* firmly believes that:

- The MTR should be carried out at the mid-term point of each ACP CSP, in line with the Council conclusions, in order to allow an informed evaluation of the CSPs.
  - If MTRs for ACP countries were to begin in 2004 then the process would have to be staggered over at least a two-year period to accommodate all ACP countries. This would mean using a variable timetable for different timeframes for MTRs in individual ACP countries, as is the case for Asian and Latin America, whose cooperation is governed by the Asia and Latin American Regulation.
- An alternate mechanism should be established to review aid, on a periodic basis, to countries, which for various reasons have been unable to adopt a CSP. This would ensure that these countries also benefit from an assessment of how their aid programmes are contributing to the Millennium Development Goals. The ACP-EU Joint Parliamentary Assembly (JPA) October 2003 Resolution on the Use of the EDF<sup>5</sup> has called for such an action.

### **ACHIEVING POVERTY FOCUSED PROGRAMMES**

The European Commission Guidelines on a Common Framework for CSPs identify a poverty focus as the first principle that should motivate and inform all aspects of programming of aid.

*Eurostep* believe that the implications of adopting a poverty focus should be evident in the level of importance given to different sectoral areas, the allocation of resources programmed in these areas, and the overall design of the programmes. The process in the design of these programmes should also be based on the principles of partnership and ownership.

Internationally agreed commitments aimed at reducing poverty such as the Millennium Development Goals and the 20:20 Compact<sup>6</sup> point to the emphasis required in development cooperation in certain areas. These are primary education, gender equality and women empowerment, reducing child mortality, improving maternal health, and combating HIV, malaria and other diseases.

Following the more focussed approach the EC took towards development cooperation, with the adoption of the EC Development Policy Statement in 2000, in identifying six priority areas of EC cooperation<sup>7</sup>, it has since been agreed that areas of focus in each ACP Country Strategy Paper should be limited to two sectoral areas (three in exceptional cases), with the idea that these areas would match the EC's priority areas where possible.

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<sup>5</sup> Resolution on The Use of the EDF - [http://www.europarl.eu.int/intcoop/acp/60\\_06/pdf/resolution\\_02\\_en.pdf](http://www.europarl.eu.int/intcoop/acp/60_06/pdf/resolution_02_en.pdf) The JPA is composed of equal numbers of EU and ACP parliamentarians

<sup>6</sup> A compact between developing and industrialized countries. It calls for the allocation of, on average, 20 per cent of the budget in developing countries and 20 per cent of official development assistance (ODA) to these basic social services. It also aims to ensure that these resources are used with greater efficiency and equity. [http://www.undp.org/poverty/resources/20-20\\_resources.htm](http://www.undp.org/poverty/resources/20-20_resources.htm)

<sup>7</sup> These are: 1) the link between trade and development; 2) support for regional integration and cooperation; 3) support for macro-economic policies and promotion of equitable access to social services; 4) transport; 5) food security and sustainable rural development; and 6) institutional capacity-building, particularly in the area of good governance and the rule of law. Crosscutting areas to be mainstreamed were the promotion of human rights, equality between men and women, children's rights and the environmental dimension. The goal was to make EC development policy more focussed on poverty.

Looking at the design of international commitments geared at fighting poverty such as the UN Millennium Development Goals and the UN 20:20 compact, it could be argued that greater focus should have been given to social sectors in the selection of the EC's priority areas. This view is strengthened when one examines how aid has been programmed thus far in ACP countries.

### Sectoral Breakdown of Programmes

Out of all aid programmed thus far in 71 of the 78 ACP countries that are signatory to the Cotonou Agreement there has been no balance in explicit allocations of aid across the 6 Community priority areas, with a relatively small amount allocated to the social sectors (see Table 1 in annex). Transport receives the largest share - 29%. This is followed by structural adjustment - 25%. Allocations in the other 16 sectors recognised by the OECD's Development Assistance Committee (DAC) are all below 10%. The percentage of water, health and education combined amounts to 15.5%. The European Commission has stated that aid programmed in macroeconomic sector (which is not recognised by the DAC and therefore not in the table below) may be used for health and education, but additional percentages in these areas derived from the macroeconomic sector are unclear.

Regarding gender equality, it is impossible to determine how much resources have been allocated to this crosscutting issue. However, an APRODEV study shows that the screening of 40 ACP Country Strategy Papers made at the end of 2001 by the European Commission's own gender helpdesk shows that the concept of gender and mainstreaming of gender equality is hardly found in the CSPs at all. 3% of CSPs mention gender in three of four sections of the CSP - 31% in two sections and 50% in one section only, mostly in the chapters on EC objectives (terminology), Country Policy agenda and Country analysis.<sup>8</sup>

Following these observations *Eurostep* does not believe that the current picture of CSPs is one of programmes focussed on poverty eradication. ACP governments and the EC would have to make a concerted effort through the MTRs to ensure CSPs become better instruments for the MDGs.

### New EC Policy Initiatives

The 2003 EC Council conclusions state that Mid-Term Reviews should take into account and operationalise, as far as possible, new EC/EU policy initiatives since the adoption of the six priority areas in EC development policy.

The Commission's Guidelines for the MTRs identify 12 new policy initiatives that could be integrated in CSPs through the MTRs while respecting the principles of ownership and concentration of aid<sup>9</sup>. These are:

- The commitment to allocate 35% of resources to social sectors;
- The "Education for all" fast track initiative;
- International commitments on health. In particular (HIV/AIDS, malaria and tuberculosis);
- Water and energy: international commitments following the Johannesburg summit;
- Trade and development taking into account the negotiations of Economic Partnership Agreements. The MTRs will seek to ensure that trade issues are properly addressed and adequately funded;
- Fisheries: Fisheries should gradually take up a significant place in CSPs if so requested by the respective developing countries.

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<sup>8</sup> Aprovev, *Rapid survey of 40 ACP Country Support Strategies: What about civil society participation?*  
<http://www.aprodev.net/files/DevPol/ACP-CSP.pdf>

<sup>9</sup> European Commission, *Guidelines for 2004 Mid-Term Reviews*

- Illegal logging and related trade: on promoting equitable and just solutions to the illegal logging problem;
- Migration, fight against terrorism and other issues resulting from the EU domestic agenda;
- Linking relief, rehabilitation and development (LRRD) and focus on disaster preparedness;
- Conflict prevention: commitment to ensure that programmes are clearly focused on addressing root causes of conflict in an integrated way
- Disability and development: MTRs should examine the extent to which country programmes are responsive to the needs of persons with disabilities;
- Other policy priorities such as agriculture, food security, indigenous people.

In recognition of the dynamic nature of development policy and the fight against poverty, utilising the Mid Term Reviews, as a tool for integrating progressive new ideas on poverty eradication is useful. Pursuing some of these new initiatives could clearly contribute to making the CSPs more poverty focussed. The 35% target for allocation of social resources is particularly commendable as are the education fast track initiative and the international health commitments.

However two key questions could be asked regarding the introduction of the new initiatives in the CSP.

- The first is on the appropriateness of attempting to integrate such a wide range of new and different initiatives into programmes that are supposed to be focussed on poverty eradication.
- The second is on whether the attempt to integrate these initiatives in the CSP will respect the principles of ownership and partnership.

Attempting to integrate 12 different policy initiatives in programmes that are supposed to be focussed on poverty is questionable. It seems to contradict earlier efforts by the Commission to give EC cooperation a more focussed approach on poverty eradication. Especially when the link between a number of these initiatives, such as migration and the fight against terrorism, and poverty reduction is not very clear. Furthermore some of these initiatives such as “other policy priorities such as agriculture, food security, indigenous people” are vaguely defined.

Even if one recognises the dynamic nature of development cooperation it should be argued that, in the first place, the EC should only adopt new initiatives, which impact on developing countries, if their potential contribution to the MDGs and the EC and ACP goals of cooperation, i.e. poverty reduction is clear and demonstrable.

### Partnership and Ownership

The programming process is supposed to respect the principle of ownership. *Eurostep* firmly believes that Country Strategy Papers should be based on a country’s own policy agenda. Simply put ACP countries must express a willingness to include new initiatives in their policy agenda if they are to be included in the CSPs.

The point the Commission described in the MTR guidelines as “migration and the fight against terrorism and other issues resulting from the EU domestic agenda”<sup>10</sup> does not seem to reflect this principle. Other issues such as trade and development, fisheries, water and peace also appear to be driven by EU. While there may be a mutual interest in many ACP countries on these issues this interest would have to be demonstrated by the ACP countries in question before they are integrated in their respective CSPs.

Undue pressure should not be put on ACP countries to accept EC initiatives. Real consultations should take place with all partners of the cooperation including civil society.

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<sup>10</sup> Ibid

This means the different steps of the MTR process described in the MTR guidelines should adequately involve both partners.

*Eurostep* believes the inadequacy of the consultation process in the initial programming process played an important role in the pattern of allocations arrived at. Civil society organisations, which are among the strongest advocates of cooperation on social development, were in many cases not effectively consulted. A glance at the results of a questionnaire used by *Eurostep* in its discussions with ACP civil society on the MTRs (see below) illustrates the wish by many ACP civil society actors for a greater emphasis in the areas of focus of the Millennium Development Goals.

## EXPECTATIONS

*Eurostep* is of the view that if the MTRs are to produce effective programmes focussed on poverty reduction then:

- The ACP and the EU need to give a greater focus to social sectors in the programmes. Greater focus on social sectors should not necessarily lead to changes in focal areas in individual CSPs. Rather greater emphasis could be given to interventions in social sectors outside focal areas, while efforts and resources in focal areas that fall in social sectors are intensified. This should be evident both in terms of funds allocated and the design of the programme.
  - Implementation of the 35% target on social sectors set by the European Parliament provides a good marker to measure this focus.
  - The programmes should also contribute towards:
    - The international health commitments made by the EC
    - The education fast track initiative and allow for the expansion of this initiative to other countries that already have education as a focal sector in their CSP
- The EC should trim and refocus the number of new initiatives it aims to introduce in CSPs through the MTRs using the MDGs as its guide in this rationalisation process.
- The MTRs should give a greater focus to gender equality and the promotion of empowerment of women. This should be visible in CSPs resulting from the MTRs.
- The process of the MTRs must advance further the principles of partnership and ownership.
  - This means the ACP governments should effectively be involved, as much as possible, in the different phases of the MTRs as well as in their planning and preparation.
  - Indicators measuring sectoral performance of ACP countries should be agreed by both parties as called for by the ACP-EU Joint Parliamentary Assembly in October 2003<sup>11</sup>. They should also be demonstrably derived from the MDGs.

## **TOWARDS ENHANCED CIVIL SOCIETY PARTICIPATION**

It is now widely recognised that the design and evaluation of national programmes aimed at poverty eradication require involvement of the peoples affected by poverty and other stakeholders in their design. Civil society participation is thus a key prerequisite to the success of the MTRs.

To this end, the 2001 European Commission Guidelines on a Common Framework for Country Strategy Papers<sup>12</sup> identifies participation of civil society as one of the principles, which is supposed to motivate and inform all aspects of the programming process.

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<sup>11</sup> Resolution on The Use of the EDF - [http://www.europarl.eu.int/intcoop/acp/60\\_06/pdf/resolution\\_02\\_en.pdf](http://www.europarl.eu.int/intcoop/acp/60_06/pdf/resolution_02_en.pdf)

<sup>12</sup> European Commission, *Guidelines for Implementation of the Common Framework for Country Strategy Papers*, May 2001

Civil society involvement in CSP design and review is identified as one of the seven standards in the European Commission Communication on Participation of Non-State Actors of November 2002<sup>13</sup> by which effective participation should be judged.

Attempts have also been made by civil society actors to set standards on participation in the programming process. In May 2002 *Eurostep* supported efforts by civil society actors from five ACP countries – Benin, Cameroon, Uganda, Tanzania and the Dominican Republic in evaluating the level of civil society participation in the design of CSPs/NIPs in their countries. The conclusions of these reports were that although efforts had been made to engage civil society in the programming process by all parties concerned, several factors had hampered effective engagement with civil society in the process:

- The short time period set aside for consultation with civil society,
- The quality and timing of information sent to civil society,
- The limited range of civil society actors involved in the process,
- The lack of institutional mechanisms to facilitate the process
- Insufficient reporting back to civil society actors on the results of the consultations

These conclusions are referred to in the abovementioned Commission Communication on Non-State Actors, and European Commission officials have repeatedly referred to the MTRs as a chance to address inadequacies discovered in the programming process.

But in the preparation to the MTRs it is hard to see how efforts to address these concerns are being taken forward.<sup>14</sup>

In the preparation of this paper, *Eurostep* engaged with a selection of key civil society actors from 8 ACP countries: Ghana, Uganda, the Democratic Republic of Congo, Rwanda, the Dominican Republic, Tanzania, Benin and Zambia, through a questionnaire on the Mid-Term Review process. The civil society actors who responded were all major actors involved in national platforms and civil society steering committees who had following ACP-EU cooperation as one of their major responsibilities. The responses to the questionnaire received in September/October 2003 generally reveal that there was little information on this process within the civil society community in those countries. The box below provides a summary of the findings to the questionnaire<sup>15</sup>:

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<sup>13</sup> Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee Participation of Non-State Actors in EC Development Policy, November 2002 [http://europa.eu.int/eur-lex/en/com/cnc/2002/com2002\\_0598en01.pdf](http://europa.eu.int/eur-lex/en/com/cnc/2002/com2002_0598en01.pdf)

<sup>14</sup> ACP civil society actors in a number of meetings Uganda, Haiti, the Dominican Republic and Mozambique organised in collaboration with Eurostep Members since the programming process have repeatedly echoed concerns – See [www.eurostep.org](http://www.eurostep.org)

<sup>15</sup> The organisations that responded to the questionnaire are: 1) DENIVA- Uganda, 2) HakiElimu – Tanzania, 3) Tanzania NSA Steering Committee – Tanzania, 4) FOSAC-Benin, 5) GAWU-Ghana, 6) SERACOB-DRC, 7) COCSOC/CNONGD- DRC, 8) SYDIP – DRC 9) Foro Ciudadano- Dominican Republic, 10) ZTN-Zambia, and 11) CCOAIB-Rwanda. A fuller report on the questionnaires is available on request

- On general information on the process and its timetable, most of the respondents expressed very little knowledge on the process. Most were however aware that the MTRs would take place, but did not possess any concrete information on the process.
- Most participants did not believe they have enough information to effectively participate in the process. Almost all had no knowledge of results of past annual reviews on which the MTR will be based (Over 80% of respondents had no experience in participating in annual reviews in which the MTR will be based), the mechanisms of access to funds and the general dynamic of ongoing discussions between their government. The tools identified to remedy this situation were:
  - Information seminars on the process and general ACP-EU cooperation
  - Agreements on transparency between state and non-state actors
  - The distribution of information on ACP-EU cooperation through regular newsletters
  - Better cooperation with Northern NGOs
- The majority of the participants did not believe adequate mechanisms exist for civil society to contribute to the Mid Term Reviews either because of lack of interest from their governments, a lack of interest from the EU in employing existing mechanisms, or a lack of capacity of civil society actors to use existing mechanisms
- Most respondents were of the view that in order to make sure that their views would be taken in account in the Review there needed to be greater follow up and feed back throughout the entire review process following initial consultation meetings with civil society.
- On how the NIPs could be made better instruments for poverty eradications suggestions include:
  - A focus of NIPs on the key areas of focussed defined in the Millennium Development Goals
  - CSPs should not simply replicate the PRSP process but also question its logic and elements
  - Workshops should be organised to define clearer the roles of the different actors implicated NIPs
  - Increased access to information and funding of civil society

## EXPECTATIONS

On the basis of these concerns and suggestions as well as the standards set in the European Commission Communication on Non-State Actors Eurostep calls for:

- The European Commission and the ACP to adopt and implement a strategy on dissemination of information on the MTR process to civil society. This should involve the following:
  - Utilisation of a diverse range of tools such as seminars and electronic communication to transmit information to civil society.
  - Assigning responsibility in each EC delegation to a staff member responsible for relations with Non-State Actors.
  - Engaging with national platforms and networks of civil society actors where they exist in addition to recognised civil society actors working on ACP-EU cooperation. Work with these platforms could also help identify individual organisations across the country to be engaged in the MTR process.
  - Communicating adopted Country Strategy Papers, annual reviews, the guidelines on the MTRs, and basic information on the goals of ACP-EU cooperation to civil society actors well before consultation meetings with civil society.
- The European Commission, ACP States and civil society to agree on best practices for consultation with civil society looking at existing consultation mechanisms for civil society consultation with their governments.
- Consultation should be a process of dialogue over the entire period of the MTR as opposed to a single meeting at beginning of the process, with possibilities of civil society to contribute, inter alia, through written inputs at the various stages.
- The European Commission should send reports to civil society of the conclusions of all the different stages of the process, i.e. discussions on Joint Annual report, Discussions with National Authorising Officer, European Commission headquarters discussions, EDF Committee discussions.

- In the case of the proposal for a change of strategy or revision of country allocations civil society efforts will be made to consult civil society anew.

## **DELIVERING ADEQUATE RESOURCING FOR POVERTY ERADICATION**

According to the European Commission about 7 billion Euros<sup>16</sup> have been programmed thus far in the 71 Country Strategy Papers out of 10 billion Euros that were set aside for CSPs and short-term emergency actions in the Cotonou Agreement. In total EU Member States made available 15.2 billion Euros for the first financial protocol of the Cotonou Agreement in the period 2000-2007.

### The Need For Adequate Resources

Considering inflation alone it has been calculated that the aid volume under the 9<sup>th</sup> EDF is 3% less in real terms than under the 8<sup>th</sup> EDF. Commission officials have already given indications that overall funding of CSPs will not be increased following the MTRs. The main argument that the EC has used against increasing funds channelled through CSPs and the defence of the general stagnation of EC Official Development Assistance (ODA) has been that disbursement of funds has been so slow that no need has arisen for an increase in allocation of funds at the CSP level. However according to all calculations in order to meet the Millennium Development Goals, ODA will need to rise by 40-60 billion US dollars a year.<sup>17</sup> The EU as the world's largest donor will have to do its share.

*Eurostep* firmly believes that rather than adjust ODA to slow spending patterns the EU will need to tackle the problems that have slowed disbursement down, while increasing its ODA including contributions to the EDF to match requirements for the MDGs. Considering that the ACP includes 41 of the 48 LDCs, channelling funds through the EDF and CSPs could have a significant impact on the achievement of the MDGs.

Money programmed through the EDF also represents a significant part of EU Member States Official Development Assistance. Therefore increased contribution to the EDF via the CSPs could also take EU Member States closer towards the ODA targets they set themselves in the Barcelona Declaration in 2002.<sup>18</sup> In this Declaration EU Member States pledged to increase the average EU Member State percentage of GNP allocated to ODA to 0.39% by 2006 as a halfway target in reaching the international target of 0.7%.

### Performance Indicators

The EC stated that on the basis of an assessment of needs (income, population, social indicators, debt and export earnings) and performance during the MTR, funds allocated to each CSP might be increased or decreased. According to the Guidelines on MTRs, performance measuring is to be based on two sets of criteria: a) a country's financial performance and b) a country's sectoral and macroeconomic performance. Criteria on financial performance mainly relate to the speed of disbursement of funds, while sectoral/macroeconomic performance looks at results achieved, and the schedule of implementation of the programme in key sectors.

These criteria raise a number of concerns in relation the MDGs. Firstly through these criteria performance measuring seems heavily slanted towards an evaluation of how quickly a programme is implemented rather than how well a country is working through the CSP to achieve poverty reduction. There is no guarantee that countries that have quicker disbursement rates and schedules of implementation in key sectors are performing better vis-

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<sup>16</sup> European Commission, *Sectoral breakdown of the 9<sup>th</sup> EDF*

<sup>17</sup> Selim Jahan, *Financing Millennium Development Goals - An Issues Note*, 2002

<http://idpm.man.ac.uk/cprc/Conference/conferencepapers/jahan.pdf>

<sup>18</sup> EU General Affairs Council (17.06/02) *Minutes* <http://ue.eu.int/presid/conclusions.htm>

à-vis achieving the MDGs, especially if the choice of sectors within their CSPs are not closely linked to poverty in the first place. Secondly looking at rates of disbursements in any ACP country does not actually measure the performance of the country in question, as both the EC and the ACP are responsible for carrying out disbursement. In fact the slow progress in adoption and implementation of the current CSPs is as much to do with delays in EC processes as in the ACP. Yet countries may now be penalised with decreased allocations for slow disbursements that they are not fully responsible for.

If the MTRs were to contribute towards the achievement of the MDGs then performance indicators would have to primarily focus on measuring the efforts and accomplishments of a country in reducing poverty and achieving the other MDGs. This could be done by examining the strategies, concrete plans and actions designed by the country to achieve the MDGs through the CSP. While the MTR guidelines do state that special consideration would be given to evolution of the 10 MDGs in measuring performance, it somewhat downgrades the responsibility the EC has towards the MDGs by stating the following: "It should be understood that these indicators [MDG indicators] measure overall country performance and are not specific to our cooperation aid."<sup>19</sup>

Clarity on indicators is also especially important in the light of ongoing trade discussions where promises may be made on increased allocations to CSPs to help ACP countries make adjustments towards new trade arrangements. But these actions have little to do with performance and general needs.

#### Improving Disbursement Rates

It is evident that any increase in funds allocated to CSPs following the MTRs would have to be accompanied by improved disbursement rates. The European Commission has declared its aim to speed up disbursement and has identified a number of mechanisms for this, in particular the incorporation of the EDF into the EC budget and the de-concentration of Commission staff and responsibilities from Commission headquarters to EC delegations in the South. However, these mechanisms and the manner in which they have been pursued raise a number of questions.

Budgetisation of the EDF may aim to apply more exacting EC budget rules on tardiness to the EDF but there is no guarantee that this will actually translate into speedier disbursement of funds in the ACP, if bottlenecks such as the low capacity of EC and ACP staff managing funds remain untouched. Indeed budgetisation of the EDF is more likely to reduce the backlog of payments to the ACP through cuts in funds waiting to be disbursed in the ACP, to other regions and interests because of stringent budget rules, rather than because of actual improvement of disbursement of funding to the ACP. This would inevitably further set back EC efforts to meet the MDGs.

In the debate on speeding up disbursements it has been widely recognised that an increase in the capacity and capabilities of EC staff managing EU funds will lead to speedier disbursement. Increasing this capacity and capabilities of EC staff is one of the aims of the de-concentration process. However, the fact that the ACP region is the last of the EC partner countries to experience the de-concentration process does not demonstrate a strong commitment from the side of the EC to address the real problems of slow disbursement of the EDF.

The Commission's attempt to channel the EDF through 'global funds/facilities' such as on water and peace for all ACP countries is also supposed to be an attempt to address the backlog of EDF funds. However, the success of this initiative may be illusory rather than 'real'. While monies may be regularly siphoned of CSP allocations to feed the global funds, thus given the impression that funds are being quickly spent, it is not yet clear whether

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<sup>19</sup> European Commission, *Guidelines for 2004 Mid-Term Reviews*

disbursement from the global funds actually occurs at a quicker rate. But once monies are paid in to such funds they may be categorised as officially disbursed.

The establishment and management of these funds to date has involved less consultation with ACP governments and civil society in comparison to funds channelled through the national processes. Furthermore they weaken an ACP country's ability to match its individual specific needs to the use of EDF funds, even if the ACP collectively may agree to them.

In recognition of the potential problems around these global facilities the ACP-EU Joint Parliamentary Resolution in October 2003<sup>20</sup> called for the global funds to be subjected to regular reviews and consultations with civil society as regards their establishment and use just as money programmed nationally. Such reviews should be clearly linked to the MTR process to ensure coherence in the evaluation of aid. Furthermore the Assembly also stated that no decision should be taken before the completion of the MTR, to divert to global funds, monies set aside for possible increments of allocations to CSP following the MTRs.

### Funding for Non-State Actors

The MTRs are also supposed to examine allocations and disbursement of funds to civil society. Effective participation in ACP-EU cooperation aimed at poverty eradication requires appropriate rules and procedures that allow civil society actors to efficiently and responsibly access the EDF. The European Commission in 2001 stated that each CSP should allocate up to 15% of funds to Non-State Actors<sup>21</sup>. But an APRODEV Rapid Study of 40 ACP CSPs shows that explicit allocations to Non-State Actors fall well short of this target<sup>22</sup>. Furthermore Eurostep's engagement with ACP Non-State Actors has shown that most Non-State Actors to date are yet to receive funding from CSPs, even where there have been explicit allocations to Non State Actors. The reasons for this seem tied to a lack of appropriate mechanisms, legal instruments and the political will from both ACP and EC official actors.

### EXPECTATIONS

In order to address all the above concerns on resources Eurostep is calling for:

- The EC to ensure that adequate resources are provided that match the activities and programmes identified by ACP countries in their strategies for poverty eradication and sustainable development. Ideally this should result in a net increase in allocations to ACP CSPs following the MTRs.
  - The criteria on needs and performance of ACP countries upon which increases or decreases in allocations hinge on should be precise, objective, understandable and transparent. They should also be approved by both the ACP and the EU in line with JPA October resolution.<sup>23</sup>
  - Performance criteria should be primarily based on measuring a country's efforts and accomplishments in achieving the MDGs, based on an examination of strategies, concrete plans and actions.
- The EC and ACP to intensify their efforts in speeding up disbursement of the EDF. This should involve fast tracking the de-concentration process in ACP countries, capacity building in the Commission and support for capacity building in ACP governments.
- The EC and ACP to conduct a biennial reviews of its global facilities through which EDF funds are channelled, examining their contribution to efficient disbursement and poverty eradication. These reviews should be clearly linked to the MTR process to ensure coherence in the evaluation of aid.

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<sup>20</sup> ACP-EU JPA October 2003 Resolution on The Use of the EDF

<sup>21</sup> European Commission *Guidelines on Programming*, 2001

<sup>22</sup> APRODEV, *Rapid Survey of 40 ACP Country Support Strategies*

<sup>23</sup> ACP-EU JPA Resolution on The Use of the EDF October 2003

- The EC and ACP to re-identify clear targets in CSPs for allocation of resources to NSAs. Mechanisms and rules would need to be developed to ensure allocation to NSAs can be made. These rules should recognise the context in which ACP Non-State Actors operate. That is in rural and remote parts of under developed countries. Indiscriminate request for bank guarantees and other conditions could significantly limit civil society access to funds and would de facto introduce eligibility criteria based more on the financial capacities of organisations and their access to a proper banking system than on the quality of their work.

## CONCLUSIONS

The MTRs have a great potential to better connect EC aid to the MDGs. By doing so they could also increase the credibility and legitimacy of the co-operation programme, both in Europe and in partner countries. However for the MTRs to achieve this, a number of measures will have to be taken.

- Fundamentally the Reviews need to relate to the programming cycle of the current CSPs and be carried out at the mid term of the implementation of the CSPs so as to ensure that assessments made are fair and are actually related to the CSPs adopted.
- The process of the MTRs must advance further the principles of partnership and ownership. This clearly implies that it needs to be a joint process between the official partners to the co-operation in each country.
- Both the EC and the ACP would need to work towards re-focussing CSPs on poverty reduction and the MDGs. This should involve greater focus on social sectors and gender equality.
- Resources provided following the MTRs should be adequate to the task of meeting poverty needs in the ACP countries.
- The provision of Resources should be accompanied by an intensification of efforts from both the ACP and EC in addressing slow rates of disbursement.
- Finally a comprehensive assessment of the MTR exercise should be carried out at its close evaluating its impact on CSPs' ability to advance poverty eradication and the achievement of the MDGs<sup>24</sup>
- Through the taking of these measures the MTR process in the ACP should serve as a model for Reviews in all EC partner countries in Asia, Latin America and the Mediterranean<sup>25</sup> in line with the common framework approach taken by the EU Council.

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<sup>24</sup> The JPA called for such an assessment in its resolution on the Use of the EDF in October 2003

## ANNEX

TABLE 1

Sectoral Breakdown of 9<sup>th</sup> EDF programmed in CSP for ACP countries<sup>26</sup>

Education	5%
Health	4%
Water	6,5%
Government	9%
Civil Society	2,9%
Culture	0,15%
Transport	29%
Energy	0,16%
Business	0,5%
Agriculture	0,96%
Mine	3,45%
Trade	0,02%
Environment	0,45%
Social	1%
Rural	6,8%
Structural Adjustment	25%
Food Aid	1,5%
Undefined	3,8%

<sup>26</sup> Derived from Sectoral Breakdown of the 9<sup>th</sup> EDF Programmed in CSP for ACP Countries (following DAC nomenclatures), European Commission – 02/09/2003

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