

Mid-Term Reviews

Performance-based partnerships in ACP-EU cooperation

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A KEY ELEMENT OF THE COTONOU PARTNERSHIP AGREEMENT IS A SHIFT AWAY FROM A SYSTEM OF AID ENTITLEMENTS TOWARDS A MORE FLEXIBLE, PERFORMANCE-BASED ALLOCATION OF EU DEVELOPMENT RESOURCES. THE OBJECTIVE IS TO INTRODUCE FLEXIBILITY WITHOUT JEOPARDISING PREDICTABILITY AND TO REWARD PERFORMANCE WITHOUT NEGLECTING THE POVERTY FOCUS OF THE AGREEMENT, WHICH WOULD PENALISE THE POOR. FOR THE FIRST TIME IN THE HISTORY OF ACP-EU COOPERATION, PERFORMANCE-BASED MID-TERM REVIEWS WILL BE UNDERTAKEN IN 2004.

The mid-term review is an integrated component of the rolling programming of the Country Strategy Papers (CSPs) and National Indicative Programmes (NIPs). It is one review mechanism keeping the strategies and programmes updated. The Mid Term Review is also a modality for reviewing the new performance-based partnerships. In practice this means that the mid-term review is an opportunity to adjust intervention strategies and the corresponding financial resource allocations based on an assessment of both needs and performance.¹ The legal framework and policy guidelines for the mid-term reviews have now been established and are ready to be applied under the Cotonou Partnership Agreement. It is against this background that this paper seeks to stimulate discussion and understanding about the mid-term review process.

This paper looks at issues and challenges involved in preparing and implementing the mid-term reviews. Aimed primarily at ACP and EU officials and stakeholders, it is meant as a first input to the rapidly evolving discussions about the mid-term reviews. Building primarily on past research, the paper strives to increase awareness of the mid-term reviews, while raising issues and outlining some of the challenges ahead. It begins by sketching the legal framework guiding the mid-term reviews. It then pres-

ents the main actors, levels and phases of the reviews. The core issues and challenges related to the different levels and phases are then considered. The final sections of the paper recap on the main issues by posing key questions and providing some first elements of a response.

Legal foundation for the mid-term review

The Cotonou Partnership Agreement, signed in 2000, outlines a review mechanism for the

five-year CSPs and NIPs. This rolling programming includes three types of reviews:

- annual reviews;
- mid-term reviews;
- end-of-term reviews.

So far two rounds of annual reviews have been completed but as yet no mid-term or end-of-term reviews. With the legal framework and general policy guidelines for the mid-term reviews now in place, the first generation of mid-term reviews is planned for 2004.

Issues and challenges raised during negotiation of the Cotonou Partnership Agreement²

The move away from the 'aid entitlements' of the Lomé Conventions to the performance-based partnerships of the Cotonou Partnership Agreement is a welcome and logical evolution.

There is broad support for the principle of performance-based partnership, in particular from ACP civil society and the private sector. But at the same time there are serious concerns about the practicalities involved in operationalising performance-based partnership:

- Will 'performance' mean old wine in new bottles and end up as merely a novel name for traditional conditionalities?
- Measuring performance is tricky. How can standard approaches and abstract checklists be avoided?
- Can the EU avoid processes in which it serves as both 'judge and jury' and applies performance criteria in a discretionary manner?
- How can performance be rewarded without neglecting needs and penalising the poor?

Operationalising the principle of performance is essential to success. For this, efforts are needed on at least five fronts:

- building the new capacities required by all actors;
- distinguishing performance from conditionalities;
- combining universal principles with country-specific approaches;
- assessing performance in a participatory way;
- clarifying consequences.

Performance-based partnerships require EU reform towards a number of objectives:

- ensuring credibility (e.g., avoiding hidden agendas and double standards);
- improving effectiveness (e.g., providing flexible and comprehensive support to good performers);
- guaranteeing simple and transparent decision-making;
- increasing consistency and coordination between the European Commission and the member states;
- enhancing coherence of programming;
- improving bureaucratic performance, including the quality and speed of implementing projects/programmes.

According to Annex IV of the Cotonou Partnership Agreement, the mid-term reviews shall replace the annual reviews in the year *midway* through the CSPs and NIPs.⁴ As with the annual reviews, the national authorising officer and head of delegation of each ACP country shall, at the mid-term reviews, jointly:

- 'take all necessary measures to ensure adherence to the provisions of the indicative programme, including ensuring that the timetable of commitments and disbursements agreed at the time of programming is adhered to'; and;
- 'determine any causes of delay in implementation and propose suitable measures to remedy the situation'.⁵

These tasks are to be done through *locally managed* assessments of five programme components:⁶

- 'the results achieved in the focal sector(s) measured against identified targets and impact indicators and sectoral policy commitments';
- 'projects and programmes outside the focal sector(s) and/or in the framework of multi-annual programmes';
- 'the use of resources set aside for Non-State Actors';
- 'the effectiveness in implementing current operations and the extent to which the timetable for commitments and payments have been respected';
- 'an extension of the programming perspective for the following years'.⁷

The annual and mid-term reviews are closely linked. Besides assessing the areas mentioned above, the 2001 and 2002 annual reviews served as a mechanism for refining some aspects of the CSP/NIPs. Further, these reviews contributed to preparations for the mid-term reviews by refining performance indicators and building up non-state actor participation in ACP-EU cooperation. They also laid the groundwork for initiatives to speed commitments and disbursements.⁸

Continuity between the different reviews should not be underestimated. Each represents an opportunity to influence strategic choices and resource allocations and thus to improve overall performance. On the other hand, connections and continuity between the different review processes do not mean that they are identical. The mid-term review is an extended version of the annual review. Whereas the annual review is concerned mainly with appraising progress in the indicative programmes, the mid-term review is an occasion to *adapt the intervention frameworks to the specific circumstances of each ACP country and the corresponding resource allocations according to current needs and performance*.

- 'The National Authorising Officer and the Head of Delegation may at the mid-term and end-of-term reviews, and within the above time frames (60 days) *review and adapt the CSS (CSP/NIP)*.'
- 'Following the completion of the mid-term and end-of-term reviews, *the Community may revise the resource allocations in the light of current needs and performance of the ACP State concerned*.'⁹

The challenge for the ACP and the EU is to find a way to jointly prepare and implement the mid-term reviews within this legal framework. The 2004 mid-term reviews will set the trend for future performance reviews. Whether these first reviews will be constructive depends for a large part on how they are prepared and implemented. Undertaking the mid-term reviews without jeopardising partnership, ownership, transparency and the poverty focus is not an easy task. Lack of experience, trust and capacity increase the need for preparation and communication.

Clarifying actors, levels and phases in the mid-term review

The mid-term reviews will be implemented in three phases and involve actors at two interdependent levels: the *local level* and the *Brussels level*. **Phase 1** is the preparatory phase in which guidelines are elaborated and roles and responsibilities clarified. Both levels of actors participate.

Phase 2 is the local review of needs and performance. Here, the national authorising officer and the EC delegation assess programme implementation and decide whether to refine and/or change the CSP and/or NIP. This should include an assessment of performance and needs measured against jointly agreed objectives and indicators. Non-state actors and local representatives of the EU member states should be involved in the assessments carried out in this part of the review.

Phase 3, resource allocation, takes place mainly in Brussels, where EC headquarters present proposals on resource allocations to the EU member states. Such proposals must be approved by a majority of EU member states. Other potential actors at this level are the ACP Secretariat, the EU Parliament and non-state actors.

Before phase 2, the local review, is implemented (during the first quarter of 2004), efforts should be made to promote mutual understanding of the roles and responsibilities of all actors at the different levels. The figure (page 3) breaks down the actors, levels and phases of the process including some challenges and issues, which are elaborated on in the final sections of this paper.

Issues and challenges

Fine-tuning CSPs/NIPs or changing focus?

As with other strategies and intervention frameworks, the CSPs and NIPs need refinement and adjustments. Comprehensive changes in the implementation period are needed in some ACP countries but far from all. The mid-term review should not become a reprogramming exercise but rather a chance to refine strategic choices. It is unclear how the review will balance the need to address the few serious cases of non-performance with the need to keep the review from exploding into a mid-term reprogramming phase. In all circumstances, the Cotonou Partnership Agreement states that changes should only be made:

- 'where (annual) operational reviews indicate specific problems'; and/or
- 'in the light of changed circumstances of an ACP State'.¹⁰

Avenues to pursue:

International experiences with joint monitoring and country-owned processes

*Several ACP countries have established joint monitoring and performance assessments with EU member states. How can such exercises best be used in the framework of the mid-term reviews? The European Commission, for example, participated in efforts under the Special Framework for Africa to turn conditionalities into jointly accepted performance criteria. Joint monitoring and neutral brokers have helped the Government of Tanzania and donors to implement a performance-based partnership.*¹¹

It is important to keep in mind that 'the local review procedure and reporting requirements should not increase the overall administrative burden on any of the parties concerned'.¹² In addition, the short time period allowed for completion of the local reviews (60 days) and the additional tasks that programming changes would require of the national authorising officer and the many EC delegations currently undergoing devolution would probably outweigh the benefits in most countries. This suggests that major adaptations may be exceptions rather than the rule.

The same applies to the incorporation of new ACP and EU policy commitments and initiatives taken since the signing of the CSPs, such as those on migration, conflict prevention, HIV/AIDS and water. Often such commitments and initiatives are taken faster than existing ones can be implemented. Moreover, they tend to come from the EU agenda which has little to do with local needs in most ACP countries.

Nonetheless, there seems to be an inevitable move towards greater coherence and closer

Actors, levels and phases in the mid-term review, including some challenges and elements of a response

	Phase 1: Preparation	Phase 2: Local review	Phase 3: Resource allocation	MTR experiences feed into next annual reviews, end-of-term reviews and programming of second-generation CSPs		
	Elaboration of MTR guidelines, clarification of roles and responsibilities	Joint review of CSP/NIP, assessments of needs and performance	EC proposal and EU decision making on future resource allocation			
Levels:	Brussels	Local	Local			
Actors:	<ul style="list-style-type: none"> EC headquarters: DG Dev and IQSG ACP Secretariat and representatives EU member states Others: <ul style="list-style-type: none"> - EU Parliament - Non-state actors (international NGOs) - Joint Parliamentary Assembly 	<ul style="list-style-type: none"> NAO and government EC delegations Local EU representatives of EU member states Non-state actors 	<ul style="list-style-type: none"> NAO and government EC delegations Local EU representatives Non-state actors 		<ul style="list-style-type: none"> Brussels EC headquarters: DG Dev, country teams and IQSG EU member states: EDF Committee Others: <ul style="list-style-type: none"> - ACP Secretariat and representatives, - EU Parliament 	
Challenges	<ul style="list-style-type: none"> Elaboration of MTR guidelines and performance assessment framework including indicators Enhance dialogue and access to information 	<ul style="list-style-type: none"> Clarification of roles and responsibilities through dissemination of guidelines Foster discussions between NAO, EC delegations, EU member states and non-state actors 	<ul style="list-style-type: none"> Joint review and possible refinements of the CSP/NIPs Joint needs and performance assessment Consultations with participation of non-state actors and EU member states 		<ul style="list-style-type: none"> EU may reallocate funds according to outcomes of phase 2 Maintain transparency of process and local input to decision-making Avoid zero-sum allocation 	
Some elements of a response	<ul style="list-style-type: none"> ACP-EU dialogue about guidelines Dissemination of information on review mechanism and MTR, perhaps through an information strategy (website, publication of annual reviews) 	<ul style="list-style-type: none"> National/regional seminars on the MTRs Close collaboration between NAO and EC delegation Dissemination of MTR guidelines adapted to local circumstances 	<ul style="list-style-type: none"> Close dialogue and frequent meetings between NAO and EC delegations Agree on possible changes in CSP/NIP and undertake performance assessment Use existing expertise with annual reviews and ensure local input 	<ul style="list-style-type: none"> Disseminate justifications for changes in resource allocations to all partners. Communicate results and new resource allocations to EC delegations, NAOs and local non-state actors a.s.a.p 		
Time frame	Until early 2004	Until May 2004 (60-day period allowed)	Until 1 month after completion of local review (30 days allowed)	Next review		

Abbreviations: MTR = mid-term review, NAO = national authorising officer, CSP = Country Strategy Paper, NIP = national indicative programme, IQSG = Inter-service Quality Support Group

connections between the EU Common Foreign and Security Policy, EU external relations and its development policy.¹³ External relations and EU initiatives will probably become more important, but in most ACP countries it may be wise to wait until the end-of-term reviews and programming of the second-generation CSPs/NIPs before introducing new areas of intervention. While EU development cooperation, trade and external relations could be mutually reinforcing, it is important not to shift the focus of the long-term interventions every two to three years. The CSPs/NIPs are long-term strategic plans and such regular modifications could undermine predictability and the rolling programming. However, if a new policy initiative is in line with an existing strategy paper and the principle of ownership, then changes could be a possibility.

Avenues to pursue:
Mid-term reviews and donor practices
Does the extensive review mechanism in the Cotonou Partnership Agreement support ongoing efforts to minimise the administrative burden placed on developing countries by donor reviews?

If needed, changes or adaptations should follow the same principles and guidelines as

the initial programming. That is, modifications should be made through a consultative process with EU member states and non-state actors. In line with the Cotonou Agreement, any reprogramming should also be based on the *country's own policy agenda*. Further, the first-generation CSPs illustrated that planning should be *comprehensive* (i.e., it should link and correlate all EC development cooperation resources and instruments in a coherent and integrated manner). It should *maximise information-sharing and ensure complementarity* with the efforts of the ACP governments and bilateral and multilateral agencies. Finally, it should use *sector-based approaches* where possible (rather than project support), *concentrate efforts* and extend cooperation to a wide range of non-state actors.¹⁴

When making changes in strategies or focal sectors, it is useful to consider some of the lessons from the first generation of programming exercises:

- Close links are needed between analysis of the political, economic and social situation and the Commission's response strategy.
- Concentrated assistance often proves most effective.
- Policy coherence is key.
- Cross-cutting issues need to be considered.
- Linkages should be created between coun-

try/regional strategy papers and the thematic/horizontal budget lines.¹⁵

Avenues to pursue:
Non-state actors and the mid-term reviews
Non-state actors were involved in CSP programming in some but not all ACP countries. Now, the mid-term reviews offer another chance for increasing non-state actor involvement in ACP-EU cooperation. How can such participation best be ensured? What are the best ways to evaluate how well resources set aside for non-state actors have been utilised? Are the ACP governments responsible for monitoring such resource utilisation?

Measuring needs and performance, transparently

The mid-term review is an opportunity to jointly assess needs and performance. Since resource allocations may be revised¹⁶ in light of current needs and performance, this aspect of the review attracts particular attention. To ensure consistency and predictability in resource allocations, the Cotonou Partnership Agreement outlines two sets of parameters which shall be *assessed in an objective and transparent manner*.¹⁷ These are needs parameters and performance parameters.

Needs parameters:¹⁸

- 'per capita income;
- population size;
- social indicators;
- level of indebtedness;
- export earning losses;
- dependence on export earnings, in particular from the sectors of agriculture and mining.'

Performance parameters:¹⁹

- 'progress in implementing institutional reforms;
- country performance in the use of resources;
- effective implementation of current operations;
- poverty alleviation or reduction;
- sustainable development measures; and
- macro-economic and sectoral policy performance.'

These parameters do not lend themselves directly to assessing performance trends and progress. Hence they cannot in themselves function as indicators. Instead corresponding quantitative and qualitative indicators have to be agreed jointly. How this is done and what kind of needs and performance indicators are chosen may have a major impact on the overall outcome of the mid-term reviews and future resource allocations.

Avenues to pursue:**Performance assessment and indicators**

Even if indicators are SMART and SPICED,²⁰ they can never stand on their own. Assessments must also be based on extensive and detailed dialogue. Major international efforts, for example, those by the Development Assistance Committee of the OECD and the World Bank aim to develop generally accepted sets of performance indicators and performance reviews. Will ACP experiences with such indicators and reviews be taken into account in the mid-term reviews?

The first-generation CSP programming exercises provided several useful principles for selecting indicators corresponding to the parameters:

- Indicators should be developed jointly and accepted by all actors as realistic and achievable within the given timeframe.
- Measuring results (outcomes and impact), not just outputs, should be the objective. In the past the focus has been on input or output indicators (conditionality), for which improvement says little about performance. Focusing on outcome indicators should encourage ownership by ACP governments of the policies to be implemented to attain the results.
- The ACP governments should set targets in a manner coherent with recent trends and policy orientations. If these governments do not take responsibility for the targets, the performance assessment turns into an instrument for enforcing conditionality.²¹

Avenues to pursue:**The importance of institutions**

The development community increasingly recognises the importance of institutions²¹ that function well, can effectively use outside assistance and are capable of delivering programmes for the well-being of a country. This creates a conundrum. Should the European Commission reward countries with strong institutions (usually the richer countries) because they use aid more effectively, or should it assist those with weak institutions (which are usually poorer) so that they can improve their implementation capacity? What are the capacity limits for aid absorption in countries of either category?

Potential perverse effects of indicators must be kept in mind as well. A quantitative indicator, like disbursements, can encourage faster implementation of a programme but at the cost of quality. Measuring, monitoring and assessment of a preferably limited number of indicators should never be mechanical. The need for global, comparable and quantitative indicators must be carefully balanced with qualitative, trend and country-specific measurements.

Avenues to pursue:**Other factors that could affect performance**

Other factors may affect performance, for example:

- *governance (corruption, rule of law and human rights);*
- *bureaucratic procedures in ACP governments or the European Union;*
- *external shocks, conflicts or natural disasters.*

How will the mid-term reviews deal with such factors? Could the reviews be an opportunity to launch political dialogue (art. 8) on certain issues? Such a dialogue could provide qualitative input to the assessments of needs and performance.

Changes in needs and performance must be measured against the past. Do the CSPs provide sufficient background on which to base an analysis of changes and trends in performance? Some of the strategies may lack a stocktaking analysis on which a comparison of past and present performance can be made. In such cases, the mid-term reviews might be an opportunity for undertaking a stocktaking analysis of performance, selecting indicators and targets jointly and agreeing on an approach to future joint monitoring. Strengthening existing information flows and statistics may also be necessary.

Decision-making on future resource allocations

After the joint assessment of needs and performance, Commission headquarters will prepare a proposal for future resource allocations and ask the opinion of the EU

member states represented in the European Development Fund (EDF) Committee.²³

'Following the completion of mid-term and end-of-term reviews, the Community may revise the resource allocation in the light of current needs and performance of the ACP State concerned.'²⁴

To safeguard trust and partnership, the new financial allocations should contain few surprises. The mid-term reviews must therefore be conducted in a transparent manner. Ensuring that the proposed allocation is based on the findings of the local reviews and the local performance/needs assessments will increase the credibility of ACP-EU cooperation. It must be recognised, however, that disagreements on future allocations are likely since no country would be happy to receive less money. Dialogue, communication and consistent and open decision-making can reduce friction.

Can it pay to perform? There is an expectation that 'good performers' will receive additional resources and that 'non-performers' will receive less. The conditional EURO 1 billion pool could ensure that the mid-term review does not become a zero-sum game in which rewards to some countries are *directly* linked to cuts in allocations to others. A scenario in which 'good performers' are rewarded with funds from decreased allocations to 'less-than-good performers' could have far-reaching consequences for ACP unity. The present pressure on the Commission to speed up commitments and disbursements increases the possibility that the pool will not be released or that it will be used for other purposes. The EU member states and Parliament could help ensure that extra resources remain available to reward good performers.

On the other hand, to fulfil the objectives of flexibility, performance and effective use of EDF resources, cuts in allocations to non-performers are likely, especially in cases where the political dialogue, annual reviews or country evaluations clearly indicate serious and longstanding problems. The dilemma is what to do with the larger group of less-than-good performing countries.

Avenues to pursue:**Reciprocity in assessment of all actors**

Implementation of the Cotonou Agreement requires active participation of all actors. Each has responsibilities, roles and tasks that influence the overall picture. Some have argued that the mid-term reviews should take into account the impact of the EDF Committee, EC headquarters and the delegations on programme implementation in ACP countries.

An open, transparent and consistent decision-making process will be critical for the outcome of the 2004 mid-term reviews and for the credibility of EU external assistance.

The credibility of the process will to a large extent depend on the local assessments being used in the decision-making process and on the justifications for choices being made public.

What next? Recapping the challenges and posing elements of a response

This section recaps some of the challenges ahead in implementing the first generation of mid-term reviews and formulates some elements of a response to them (see also the figure on page 3).

The mid-term review process

Four main challenges relate to the mid-term review process as a whole:

- The scope of the mid-term reviews should be kept within the limits of the time, resources and capacities available. How to ensure that the reviews do not become major reprogramming exercises?
- Preparation is crucial. What can be done to help the actors understand the mid-term review process? How can the many different actors prepare themselves so as to cope with their roles and responsibilities?
- Process matters. How can transparent, coherent and joint implementation and decision-making be ensured? How can the legal requirements of the Cotonou Partnership Agreement be interpreted in a way that is acceptable to all?
- The ACP-EU actors need new capacities to implement the mid-term reviews. How can the various actors develop these so as to contribute effectively to the review?

Some elements of a response:

- All stakeholders should begin preparation as soon as possible. Time is short and initiatives need to be launched quickly. Development of a jointly agreed plan for the mid-term review could be a first step to ensure that actors involved own the process.
- Dialogue between the field and Brussels and among the different partners involved could help improve understanding of choices made and decisions taken. Access to and dissemination of information then become important elements. National, regional and/or international workshops and seminars could be organised so as to disseminate information, exchange views and promote participation in the mid-term reviews.
- The national authorising officers, EC delegations, the ACP Secretariat and EC headquarters could jointly prepare an information strategy. Publication of mid-term review guidelines for local partners and an interactive website could be elements of such a strategy.
- The Joint Parliamentary Assembly could be an opportunity to bring the mid-term

review process to the attention of ACP national parliaments.

Fine-tuning plans or changing focus?

The possibility to make changes in ACP-EU cooperation programmes brings with it **several challenges**:

- Changes in strategy and/or (non)focal sectors should be decided upon jointly by the national authorising officer and the EC delegation. How can this be done with active participation of non-state actors and other local partners? Can a joint report be written which clearly states different positions?
- Qualitative input by local partners is needed. What processes are needed to elicit such inputs from a diverse set of actors, each with their different commitments, ideas and agendas?
- Although the mid-term review is not a reprogramming exercise, comprehensive changes might be needed in some cases. What is the right balance between the flexibility to make minor adjustments and the possibility to make major changes, for example, in focal sector(s)?
- Every country is different. How can respect for local circumstances, ownership and the concentration of aid be accommodated in the short time available for the mid-term review?

Some elements of a response:

- Enhanced communication and dialogue between national authorising officers and EC delegations could prevent misunderstandings.
- Revisiting the non-state actor consultation process used in the CSP process may be helpful. Where such a process does not exist, consideration might be given to establishing one.
- Lessons learned in annual reviews and rolling programming should be documented and applied.

Measuring needs and performance

Three main challenges are associated with the local assessments of needs and performance:

- The need for consistency in the assessments must be balanced with the need for strong local inputs.
- The right balance should be found between global and country-specific needs and performance indicators. Who sets performance targets? Can quantitative and qualitative data be collected so as to inform the assessment and subsequent decision-making? How are indicators weighted? How are governance-related issues taken into consideration? How are internal and external factors that affect performance taken into account?

- Conflicts will inevitably arise during some performance assessments. How will they be addressed?

Some elements of a response:

- The Inter-service Quality Support Group (IQSG) of the Commission could establish a framework to encourage quality and consistency in the mid-term reviews. The framework should be flexible enough to allow for differing local conditions. Each ACP country could then develop the assessment framework further, so that it incorporates country-specific circumstances.
- The locally conducted needs and performance assessments should stress different perceptions of changes in needs and performance. While disagreements are probably unavoidable, good communication and ongoing dialogue should improve understanding of why partners hold certain views. Joint performance monitoring and the use of local, independent evaluators would help bring impartiality to the reviews.
- Assessing performance based on established, jointly agreed indicators might be difficult in some countries during the 2004 mid-term review. In those cases, efforts to develop indicators and set targets for the next extended performance assessment (the end-of-term review) might be constructive. Initiatives to strengthen joint monitoring and statistical data could lay a foundation for the next reviews.

Decision-making on future resource allocations

Resource allocation decisions will be one of the most concrete manifestations of the mid-term reviews. Here again **several challenges** arise:

- Decisions on future allocations should be firmly linked to the locally conducted needs and performance assessments, political dialogue, annual reviews and country evaluations. How can such links be made evident and understandable to all?
- Programming and policy are most effective when they are mutually reinforcing. How to ensure coherence between the EU Common Foreign and Security Policy and the credibility and effectiveness of external assistance?
- The mid-term review resource allocations should not become a zero-sum game. How can the EU avoid taking resources directly from some ACP countries because other ACP countries perform better? What can be done to ensure that increases or decreases in resource allocations are well-understood by all?

Some elements of a response:

- In most ACP countries it would not be desirable to introduce new EU or ACP policy commitments and initiatives during the mid-term reviews. Perhaps general ACP

- or EU pledges or initiatives could be postponed to the end-of-term review and the subsequent reprogramming of the CSPs.
- A prudent course of action could be to provide extra resources to reward 'good performers' while cutting allocations to the few 'non-performers' and treating the larger group of 'less-than-good performers' lightly. Information about increases or decreases in resource allocations should be disseminated as early as possible.
 - The EU could return to each actor individually to explain any decisions that are counter to the local assessment or that result in reduced resource allocations.
 - Similar to the first rounds of annual reviews, the 2004 mid-term reviews could be seen as a learning tool. Considering the many challenges and issues involved in this first generation of reviews, flexibility in implementation would be constructive.

In sum

The mid-term reviews should balance flexibility and pragmatism. Rather than introducing a too strict, standardised set of guidelines, a general and flexible framework is needed: both to allow for the diversity of local conditions and to make use of existing structures, (performance) indicators and consultation mechanisms. Adequate information flows, sensitisation and capacity building are prerequisites for constructive mid-term reviews. Sufficient human and financial resources should be in place, first to ensure proper facilitation and flow of processes and second to safeguard the quality of the mid-term review process and performance assessments.

Guaranteeing consistency and predictability and ensuring that need (poverty alleviation) remains the overall aim of ACP-EU cooperation must go hand in hand with the introduction of flexibility and performance-based resource allocations. The performance-based partnership is generally perceived as a welcomed policy initiative. Yet it must be cautiously and jointly implemented to make it a useful instrument for decision-making.

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Notes

- ¹ The Cotonou Partnership Agreement also foresees end-of-term reviews of needs and performance upon completion of the CSPs and NIPs and mid-term reviews for the regional programmes.
- ² ECDPM has promoted research and in-country consultation on the political acceptability and feasibility of performance criteria as tools for decision-making in ACP-EU cooperation. See, for example, *Performance Criteria in Future ACP-EU Cooperation* by J. Bossuyt and K. de Jong, 1997.
- ³ The annual reviews for 2001 and 2002 were carried out in 2002 and 2003, respectively.
- ⁴ This means that the mid-term reviews of the five-year CSP/NIPs that in principle began from 2000 should have been implemented in 2003. Because of delays in ratification of the Cotonou Agreement the reviews were postponed to 2004.
- ⁵ Article 5, paragraph 3(a) and 3(b) in Annex IV of the Cotonou Partnership Agreement.
- ⁶ Article 5, paragraph 4(a), (b), (c), (d) and (e) in Annex IV of the Cotonou Partnership Agreement.
- ⁷ Article 5, paragraph 4(a), (b), (c), (d) and (e) in Annex IV of the Cotonou Partnership Agreement.
- ⁸ In some ACP countries, lack of communication and dialogue have meant that the national authorising officer and/or local partners have not had access to this information and thereby lost understanding of the overall direction and purpose of the reviews.
- ⁹ Article 5, paragraph 6 and 7 in Annex IV of the Cotonou Partnership Agreement; emphasis and brackets added.
- ¹⁰ Paragraph 6(a) and 6(b) of Article 5 in Annex IV of the Cotonou Agreement. Brackets added.
- ¹¹ Wangwe, S. 2003. *NEPAD at Country Level: Changing Aid Relationships in Tanzania*. Mkuki na Nyota Publ.: Dar es Salaam.
- ¹² Internal Agreement between EU member states and the European Commission regarding the Cotonou Agreement. Brussels, 14 September 2000.
- ¹³ See the Convention for the Future of the European Union and its proposed draft constitution of July 2003.
- ¹⁴ Progress Report on the Implementation of the Common Framework for Country Strategy Papers. Commission Staff Working Paper. 2002 (SEC(2002)1279).
- ¹⁵ Progress Report on the Implementation of the Common Framework for Country Strategy Papers. Commission Staff Working Paper. 2002 (SEC(2002)1279).
- ¹⁶ Paragraph 7, article 5 in Annex IV of the Cotonou Partnership Agreement.
- ¹⁷ Paragraph 1(b); article 3; Annex IV of the Cotonou Partnership Agreement.
- ¹⁸ Article 1(a) of Annex IV in the Cotonou Partnership Agreement.
- ¹⁹ Article 1(b) of Annex IV in the Cotonou Partnership Agreement.
- ²⁰ SMART indicators are Specific, Measurable and unambiguous, Attainable and sensitive, Relevant and easy to collect, and Time-bound. SPICED indicators are Subjective, Participatory, Interpreted and communicable, Cross-checked and compared, Empowering and Diverse and disaggregated.
- ²¹ Progress Report on the Implementation of the Common Framework for Country Strategy Papers. Commission Staff Working Paper. 2002 (SEC(2002)1279).
- ²² The term 'institutions' as used here refers both to the broad rules and norms of society and to what is often called 'organisations' - a group of individuals bound by a common purpose and dedicated to achieving objectives involving a defined set of authority relationships.
- ²³ Internal agreement between the EU member states and the Commission.
- ²⁴ Paragraph 7 of article 5 in Annex IV of the Cotonou Partnership Agreement.
- ²⁵ Within the overall amount of EURO 13 billion of the 9th EDF, EURO 1 billion will be released on the basis of the performance reviews undertaken in 2004. See EU Declaration on the Financial Protocol (Declaration XVIII) in the final act of the Cotonou Partnership Agreement.

Suggested reading

Bossuyt, J. and K. de Jong. 1997. *Performance Criteria in Future ACP-EU Cooperation*. Policy Management Brief 8. Maastricht: ECDPM.

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'In Brief' provides summarised background information on the main policy debates and activities in ACP-EU cooperation. These complementary summaries are drawn from consultative processes in which the European Centre for Development Policy Management (ECDPM) engages with numerous state and non-state actors in the ACP and EU countries. The Centre is a non-partisan organisation that seeks to facilitate international cooperation between the ACP and the EU. Information may be reproduced as long as the source is quoted.

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