



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.05.1995
COM(95) 160 final

**Communication from the
Commission to the Council and the European Parliament
on complementarity between the Community's
development cooperation policy and the policies of Member States**

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Introduction

1. At its November 1994 meeting, the Council requested the Commission to prepare a communication concerning the complementarity between Community and Member States policies, expressed in Article 130 U of the EC Treaty. Two meetings, one in June '94 and March '95, were held by the Directors General responsible for Development cooperation of the Commission and Member States, to discuss the issue (annex I contains the minutes of the last meeting). Following these meetings, this paper describes the present situation regarding complementarity, and makes a number of proposals to ensure complementarity in practice.

The Treaty on European Union and Complementarity

2. Community development aid has been representing some 15% of the global effort, of Community and Member States, in the field of development assistance. It was, however, only in 1992 that Member States established, in the Treaty on European Union, specific provisions on Community Development cooperation. The Title XVII of the Treaty formalises a defacto Community development policy which already existed beside those of the Member States, and recognises their interdependence. It provides, in addition, instruments to ensure coherence between these policies, so as to achieve their greatest possible collective effectiveness. In this framework, Article 130 U lays down the objectives of Community development cooperation policy, and mentions that it shall be complementary to the policies pursued by the Member States.

A structured approach

3. The Commission considers that such complementarity of the Community policy to the policies pursued by Member States can only be achieved if Community and national policies are guided by common objectives ; these objectives are translated and implemented at sectoral level and operational level into common approaches ; and the effectiveness of both national and Community interventions are evaluated jointly.
4. In order to achieve this the following structured approach is recommended :
 - (i) At the Council level :
 - sectoral policies should be defined and/or updated in order to guide Community and Member States in their Development practices ;

- common priorities should be agreed, at a general and/or country level ;
 - countries and regions in particular difficulties should be discussed to agree mutually acceptable solutions and coordinate respective actions;
- (ii) In the Committees (EDF, ALA, MED) :
- based as necessary on advice from the field, national and regional programmes should be established with a view to reaching common country approaches ;
- (iii) In the developing countries :
- cooperation and coordination should take place on the implementation of national and Community projects and programmes ;
- (iv) In the expert groups :
- the implementation of the sectoral policies by Community and Member States should be followed;
 - the effects of the projects and programmes should be jointly evaluated.

The State of play

5. Whereas the above approach is already put into practice to some extent, it is still mainly done on an ad hoc basis. In this respect it is recalled that, in the Councils Declaration of November '92, Member States expressed that also their national development policies will be guided by the objectives established in Article 130 U of the EC Treaty. At the same time they considered that the main instrument to achieve complementarity would be coordination. This coordination is specifically provided for in Article 130 X of the EC Treaty. Following its November '92 Declaration the Council adopted in May '93 conclusions on the coordination of development policies. Four sectors were chosen for initial increased coordination. At the meeting of Directors General the importance of this exercise was again underlined. For all four sectors common policy lines have now been adopted. They guide the Community and the Member States in their respective actions.
6. In December '93 the Council also adopted a Resolution on operational coordination. Six pilot countries were selected to gain experience. A report on the initial results (including proposals for further strengthening of this cooperation) is being submitted to Council. The experiences gained should lead to a more effective operational coordination in all developing countries.
7. In November '92 the Council and representatives of Member States declared to increase coordination between Member States and Community, as regards the position to be taken in international fora. This declaration was followed by Council conclusions to the same effect in May '94. The Commission notes that, so far, this coordination in some cases has not gone beyond an exchange of information of positions already taken, shortly before the event. The Commission

considers this insufficient, and urges Ministers to instruct their services to participate at coordination meetings well in advance, with a view to establishing common positions. The Commission is prepared to take the necessary initiatives in this respect.

8. Whereas the above shows that progress has been made to ensure complementarity in practice, the Commission considers that in a number of areas there is urgent need for further action.

Enhanced coordination in forward planning

9. Strategy planning takes an important place in the decision making process, in that it guides the Community actions and the actions of Member States over a certain period of time. If the Community is to be complementary to the policies of the Member states, coordination at this stage in the decision making process is of the utmost importance. Having regard to the upcoming programming exercise for the Lomé countries, the moment is in particular opportune, to make a great leap forward in this area. Naturally such enhanced forward planning should also apply to the ALA and MED countries. In that light the Commission proposes the following:

10. Both in the relations with ACP states, and in the cooperation with other partners in ALA/MED regions, mechanisms now exist whereby strategies for Community cooperation with individual countries may be reviewed. These mechanisms should be developed further to enhance coordination on forward planning with a more active involvement of the Member States in sharing information on their own strategies and perceptions.

11. For ACP countries, the first step in the programming is the drafting by the Commission's Head of delegation in each ACP country of a document setting out a strategy for the cooperation with the Community. The objective of this document is first and foremost to determine the areas where the Community could intervene in order to contribute to overcome the constraints in each ACP country, taking into account the interventions of other donors and in particular of Member States.

12. The Commission has instructed its Heads of delegation to reinforce coordination with representatives of Member States on the spot in this initial phase of the programming for two reasons in particular :

- to establish a common view on the development strategy of the country concerned and on the major constraints confronting this strategy;
- to identify the most efficient way in which the Community can intervene in order to complement interventions of Member States.

Where necessary, this coordination will be extended to include other donors. Also the national government of the country concerned will be involved, at the appropriate moment.

13. The Commission considers that this coordination should be supplemented by a discussion later on in the process in the programming committee to prepare the indicative programme for the Community assistance in each country. For this to succeed the following conditions have to be met :

- first, Member States will have to be sufficiently transparent on the spot as to their own orientations and activities for the years ahead ;
- second, the EDF Committee should give priority to this "coordination of strategy" in the programming phase and not concentrate only on the Community's activities. In that respect Member States should inform the Commission and each other of their own orientations and proposed interventions. In addition, Member States would have to ensure an appropriate representation in the committee.

14. As regards the Mediterranean countries, the new strengthened Mediterranean Policy has been developed in harmony with other major players in the region, including the World Bank, and has employed the closest coordination between the Community and the Member States in setting common policy objectives at the global level, and thereby developing complementarity. All aspects of relations with this region are covered including those that are the competence of the Community and of Member States. This is reflected in the highly participatory preparation of the Euro-Mediterranean Conference to be held in Barcelona, which covers political and security concerns, economic and financial relations, and social and human issues, setting objectives that not only reflect fully the perspectives of the Member States but which will guide their own cooperation with this region, as well as that of the Community. The Barcelona Conference, without establishing a new permanent bureaucratic structure, will provide the opportunity to put in place mechanisms for permanent coordination in the policy areas of common interest to all contracting parties.

15. Preparatory stages in implementing the strengthened Mediterranean Policy offer a particular opportunity to enhance coordination in forward planning at the country level. A very structured mechanism of concertation has been developed in the context of preparations for Cooperation/Association Councils and Committees. To improve the efficiency of cooperation, the Commission proposed on 8th March that the annual meetings of the cooperation councils should henceforth be held at technical level, while at political level the Community and the body of MNC should hold an annual ministerial meeting covering issues of common interest. A more participatory approach to cooperation is implicit in the strengthened Mediterranean Policy, and for this to prove effective prior coordination between the Community and the Member States is required to define a common strategic vision for cooperation with each Mediterranean country. Bearing in mind that even after the significant increase in resources proposed for Community cooperation the Member States will still be a more significant source of finance, it is important that their own programmes should also be guided by the strategic objec-


tives set, and that true complementarity should be sought. As far as the Peace Process is concerned, enhanced coordination with Member States (and with other donors) is showing promise in developing complementary approaches.

16. As far as cooperation with the countries of Asia and Latin America is concerned, mechanisms are to be put in place to strengthen coordination in the preparation of Joint Committees over the full range of cooperation agreements. At the country level, participatory approaches have already been introduced in developing strategies for Community cooperation with major ALA partners. These should be exploited more consistently, through a fuller and more transparent participation of the Member States, first of all in the field but also in the relevant committees, to promote practical complementarity in the interventions that ensue.

Joint evaluations

17. Another area where the Commission considers there to be a need for further action is in the area of evaluation. Evaluation of projects and programmes, be they national or community, provide the Union with valuable information how to improve their collective effectiveness. The Commission recalls in this respect the Councils Resolutions of May '89 and May '92 on Evaluation, and of December '93 on operational coordination, where the advantages of joint evaluations were also pointed out. In that light the Commission proposes the following:
 18. Evaluation services of the Member States and the Commission should continue to identify subject matter for joint evaluations of Community aid programmes as well as those of member States and should prepare a programme of action for the years to come.
 19. The pilot project reports on coordination in selected sectors and countries should be taken into account in identifying joint evaluations.
 20. Joint evaluation should be implemented as pragmatically as possible. Experience has shown that flexible procedures responding to the needs of the project and involving interested parties can be arranged between Member States and the Commission to obtain good results with a reasonable input in time and resources.

Conclusion

21. As indicated by the Council in its November '92 Declaration, complementarity of the Community's development policy and those of the Member States should be ensured through a number of coordination mechanisms. Over the last 3 years some of these mechanisms have been put into practice, but still function on an ad hoc basis.
 22. The Commission considers the time has come for a more structured approach. This requires in particular increased efforts, to define and up date sectoral policies, more coordination in the field of forward planning and the putting into practice of a system of joint evaluations of national and Community projects and programmes. Regarding operational coordination a separate report is submitted.
 23. The Council is invited to endorse the conclusions.
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Brussels, 28/03/1995.

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**Minutes of the meeting of directors general
of 20 march 1995**

Agenda

Two points figured on the agenda :

- complementarity between the Community's development cooperation policy and the policies of Member States ;
- coherence between the Community's development cooperation policy and other policies.

Discussion on the first issue was presided by Mr Steffen SMIDT, Director-General for Development. The second issue was presided by Mr Juan PRAT Director-General a.t.p. for North/South relations.

Participants

The list of participants is attached as annex 1.

Complementarity

Referring to the first discussion in June'94 and to reactions subsequently received, the Commission considered there to be a large consensus on the conceptual frame work :

- that the aim of complementarity is to achieve greater collective effectiveness of Community and Member States development cooperation ;
- that the main instrument for it is coordination ;
- that it is an evolutionary process of learning by doing.

The Commission proposed not to engage again in a theoretical debate on the interpretation of the term "complementarity" but to focus, for the time being, on some operational arrangements to develop complementarity in practice. If required, at a later stage the theoretical debate could be resumed in the light of experience gained.

The dutch and UK representatives considered that consensus on the interpretation of the term "complementarity" was still lacking, and reserved their position. They did, however, agree that at this stage, one should focus on a number of practical measures to achieve greater efficiency.

The 3 proposals made in the joint letter of Mr Steffen SMIDT and Mr Juan PRAT of 8 march (annex 2) :

- 1) enhanced coordination in forward planning ;
- 2) joint evaluations ;
- 3) concertation

were discussed.

ad1) enhanced coordination in forward planning

The Commission referred to the upcoming programming exercise for the 8th EDF and underlined the importance of forward planning. It pointed out that, if the Community is to take account of interventions of Member States in the developing countries, country strategies have to be established in full knowledge of all relevant elements ; i.e. of what each the Member States intends to do in these countries. Unfortunately, the present mechanisms do not function to provide for these elements to be taken into account. The Commission considered that they therefore needed to be improved. It proposed an effective coordination by heads of Delegations in the countries concerned in the first phase of the programming exercise, when strategy orientations are elaborated. This should then be followed, at a later stage, by a discussion in the relevant Committees (EDF, ALA, MED) in Brussels, with a view to finalising the Country Programmes. In both instances, Member States would have to be transparent on their own orientations and planned activities for the years ahead. This would imply, in particular, that the representation of Member States in the Committees would have to be of the appropriate level to ensure such coordination.

There was a large support on the Commission's views and agreement that the proposal be presented by the Commission to the Council.

The following more specific observations were made:

A number of participants considered that coordination in the programming phase could also usefully take place with donors outside the European Union (multilateral/bilateral). They underlined the importance of the involvement of the Developing Countries in this procedure.

There was a discussion whether the emphasis of the coordination should be in Brussels and capitals or on the spot in the developing countries. The political decisions would have to be taken in Brussels whilst the information and operational coordination should be established in the field. This discussion appeared largely related to different internal decision making structures in the respective Member States.

The importance to continue to establish common approaches on policies in sectors was underlined, since this would facilitate to a great extent the operational coordination. Two

additional sectors on which work could be focused, were mentioned; fisheries and agriculture.

A number of participants, specifically underlined the necessity of a better exchange of information on bilateral activities. It was recognised that, for a useful discussion in the programming committee, this should be aware of the Member States planned interventions, and what they intend to do in financial terms in the individual developing countries. A plea to have Committees concentrate in general more on strategies and less on individual projects, for example by increasing the present financial threshold of 2 million ECU for projects, was made by some participants.

The state of play in the 6 pilot countries, chosen by the Council for re-enforced operational EU-coordination, was discussed. It was requested to take due account of this exercise in the preparation of the coordination on forward planning. Some participants considered that it could be useful to show how Member States and EU disburse their funds in these pilot countries, and how the different decision making processes in the Member States function. If necessary, common procedures could be proposed.

The status of the EU Delegates was raised. The Commission pointed out that their status was laid down in the different instruments, like the Lomé convention or the specific agreements with the ALA and MED countries.

ad2) Joint evaluation

To increase the collective effectiveness of Community and bilateral aid, the Commission proposed also that work should be stepped up in the field of joint evaluations. Evaluation services of the Member States and the Commission should continue to identify subject matter for joint evaluations of Community aid programmes as well as those of Member States, and should prepare a programme of action for the years to come.

The proposal was in general positively received and agreed to be presented to Council.

Reference was also made to the DAC coordination on evaluations and this was considered a good example. It was reminded that evaluation has to be done at different levels : project by project, sector by sector, country by country, and that operational services have to be involved. The results of evaluations have to be reflected in the programming exercise.

ad3) concertation

The Commission proposed a concertation on aid programmes. It suggested that this concertation should take place regularly, and on the basis of a presentation that each Member State would be asked to make on objectives and measures within their respective aid programme.

It was considered that the issue required further discussion.

Coherence

Afternoon session; the Coherence of Community Policies with the Objectives of Development Co-operation Policy.

The Commission representative began by drawing the attention of participants to the two documents made available to the meeting namely,

- i) the Commission services working document of November 1994 on policy Coherence;
- ii) a Room Document giving an up-date statement of the position.

It was stressed that, whilst every effort was now being made both within the College of Commissioners itself, and between the Commission services, to ensure the Coherence of Community policies with the Objectives of Development Co-operation policy, problems of incoherence still arose. These usually reflect differences of interest. The Community was, however, not alone in facing the difficulty of reconciling different political objectives. One of the most well known problems in this regard, at Community level, was that of the setting up of a common market organisation for Bananas, where four Community objectives had to be reconciled i) the completion of the internal market, ii) preferential relations with the ACP countries, iii) relations with Latin America, iv) the requirements of the GATT/WTO. Another more general example could be given with regard to the problem of exchange rates and interest rate volatility and their impact on developing countries, particularly the poorest, and those dependant on the export of primary products.

Mr Prat indicated that the need for Coherence had been an important consideration in the preparation of the proposals for the new Mediterranean policy where an overall approach to the Union's relations with the countries concerned will be adopted, with the negotiations addressing a wide variety of issues. The approach adopted in the Mediterranean proposal suggested that it might be easier to achieve policy Coherence at the bilateral and regional level rather than at the global level.

In the course of the subsequent discussion the following points were made;

- whilst it is essential that political choices must be made there is a need for the systematic identification of problems and conflicts of interest (NL, UK, D). It would be useful to commission a study to look at ways of establishing a procedure for recognising these (NL).

- whilst being sympathetic to the approach set down in the Commission documents, and welcoming the steps taken by the Commission to improve internal Coherence, it was still important to establish where major incoherencies are to be found, and which incoherencies are unacceptable (UK, B). Indeed there was a need for a study on the Coherence of all Development Co-operation instruments. (UK).

- it was important to distinguish between intended and unintended incoherence, with the need for a mechanism to avoid unintended incoherence (DK, SWE).

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- as stressed in the Commission documents the difficulty of establishing an overall general approach to the problem of Coherence was recognised (D, ESP, F). This pointed to the need to proceed on a case by case basis so building up the necessary methodology.

- many Member States although by no means all, advocated a joint Agriculture/Development Council (NL, DK, B, IRL, SWE, SF) In response to this proposal Mr Soubestre said that it would be wrong to assume that only the CAP generated problems for Development Co-operation. In reality many other policies were also concerned in the search for Coherence (to name but two; environmental issues, internal market issues, for example those relating to the cocoa content of chocolate etc.)

- finally there was a need for comprehensive body of data, developing country by developing country, bringing together Community aid spending in all its forms (NL, UK). Indeed steps were already being taken in this regard for the presentation of the OECD - DAC data on aid. Member States appeared inclined to share with the Commission and each other the statistics they already prepare themselves, provided it does not cost extra work.

In summing up a very interesting discussion Mr Prat recalled that the question of joint Councils must be one to be dealt with by subsequent presidencies. The relevant authorities would need to address these proposals. The Commission services would also consider the question of the preparation of the appropriate body of statistics. It was noted that country strategy papers - already circulated to Member States - were intended to bring together all forms of cooperation.

The plan was now to circulate this short report of the discussion on Coherence to Directors General in time for it to be considered at the Development Council of June 1 next.

Miscellaneous

The Commission was asked whether the issue of reform of the international institutions, on the G7 Halifax agenda, would be discussed in the EU. The Commission thought that the issue would be taken up in COREPER, at some stage.

The austrian delegation distributed a non-paper on coordination, complementarity and coherence (annex 3).

ISSN 0254-1475

COM(95) 160 final

DOCUMENTS

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Catalogue number : CB-CO-95-194-EN-C

ISBN 92-77-88456-8

Office for Official Publications of the European Communities

L-2985 Luxembourg