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European Communities

EUROPEAN PARLIAMENT

WORKING DOCUMENTS

English Edition 1986-87

20 January 1987 SERIES A DOCUMENT A2-212/86

REPORT

drawn up on behalf of the Committee on Development and Cooperation

on the coordination of development aid

Rapporteur : Mr Christopher JACKSON

PE 104.897/fin.
Or.En.

By letter of 17 April 1986, the Committee on Development and Cooperation requested authorization to draw up a report on the coordination of development aid.

By letter of 13 May 1986, the committee was authorized to report on this subject.

On 19 March 1986, the Committee on Development and Cooperation appointed Mr Christopher Jackson rapporteur.

At its meetings of 20 November 1985, 24 April 1986, 17 September 1986 and 30 October 1986, the committee on Development and Cooperation considered the draft report. It adopted the motion for a resolution unanimously on 31 October 1986.

The following took part in the vote: Mrs Focke, Chairman; Mr de Courcy Ling, Vice-Chairman; Mr Ch. Jackson, rapporteur; Mrs Buchan, Mr Cohen, Mrs Daly, Mr Estrella Pedrola, Mr Fernandes (deputizing for Mrs Dupuy), Mr Flanagan (deputizing for Mr Andrews), Mrs Garcia Arias, Mrs Lehideux, Mr Loo, Mr Medeiros Ferreira (deputizing for Mr Cassabel), Mr Rubert de Ventos, Mrs Schmit, Mrs Simons, Mr Simpson, Mr Staes (deputizing for Mr Kuijpers), Mr Trivelli.

The opinion of the Committee on Agriculture, Fisheries and Food is attached. The opinions of the Political Affairs Committee and the Committee on External Economic Relations will be published separately.

The report was tabled on 7 January 1987.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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A.

The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the coordination of development aid

The European Parliament,

- having regard to the report of the Committee on Development and Cooperation and the opinions of the Political Affairs Committee, the Committee on Agriculture, Fisheries and Food and the Committee on External Economic Relations (Doc. A2-212/86),
- having regard to the Commission's documents on coordination, notably:
  - the communication to Council of 26 March 1984 entitled "Towards better coordination of development cooperation policies and operations within the Community"(1)
  - the paper of April 1985 entitled "Degree of convergence of Member States' aid policies"(2),
- having regard to the resolutions of the Council of Development Ministers, and notably:
  - the resolution of 5 June 1984 on coordination of cooperation policies and operations within the Community(3)
  - the resolution of 23 May 1985 on coordination of cooperation policies and operations within the Community(4)
  - the resolution of 4 November 1985 on coordination of cooperation policies and operations(5),

A. Noting that development aid as we now understand the term is a post-second world war phenomenon, its relative novelty accounting in part for the inadequacy of coordinating mechanisms;

B. Noting that the rapid increase in the volume of North-South concessional flows over the last 20 years, and the diversity of donors, has generally occurred in a piecemeal and uncoordinated manner;

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(1) COM(84) 174 final
(2) circulated as PE 98.437
(3) circulated in PE 90.516
(4) circulated in PE 98.434
(5) circulated in PE 101.912

C. Whereas greater coordination by the major multilateral and bilateral donors would enhance the efficiency of aid, maximise its cost effectiveness, and should result in increased benefits for recipients;

D. Noting that the failure to coordinate aid can lead to dispersal of effort and inefficient use of limited resources, and that uncoordinated policies and projects can have an adverse impact on one another to the detriment of the recipient country;

E. Whereas development aid, and particularly bilateral assistance, is often closely influenced by national economic and political considerations, the consequent rivalry leading to a reluctance on the part of many donors to coordinate or exchange information on projects where this might not be to their commercial interest;

F. Noting that the regular five-year renewals of the ACP-EEC Conventions have forced the Community institutions and the Member States to rethink together their joint development policies, thereby constituting a form of policy coordination;

G. Noting that in countries where food strategies are in operation, Commission Delegations play a most valuable coordinating role in this sector;

H. Whereas the European Parliament has on many previous occasions called for action to improve coordination and there has been insufficient response, notably from the Member States;

I. Recalling that recently in one of the poorest African countries, no less than 60 donor bodies had separate missions seeking or implementing aid projects, and that the requirements of so many donors can impose considerable strain on the administrative machinery of such countries;

1. Considers it imperative for the European Community and its Member States to lead an advance in the coordination of official development assistance, starting with improved coordination between the European Community and its Member States but extending also to improved coordination with other OECD States and international organisations; and asks the Commission to put forward the necessary proposals;

2. Stresses the vital importance of the recipient being actively involved in all stages of aid coordination, where possible assuming the coordinating function itself; emphasises that while coordination will involve dialogue, it must not impose principles on a reluctant recipient;

3. Calls on the Commission and the Member States to use the possibilities provided by the OECD's Development Assistance Committee (DAC) for exchanging information and coordinating development activities; encourages the Community to use the information provided by the DAC in the biennial reviews of the national development policies and activities of its 24 Member States to achieve better coordination;

4. Considers it useful for a major donor with suitable technical facilities, to assume a coordinating function in a specific sector or country; notes that on occasions organisations such as the IBRD, the UNDP, the FAO and the Red Cross have acted as aid coordinators; pays tribute to the UNDP Round Tables and the World Bank Consultative Groups which are playing a useful role in certain countries;

5. Believes that regional organisations such as SADCC, ECOWAS, CARICOM and SPEC have an important role to play in coordinating aid on a regional basis, requests the Community and the Member States to encourage and assist these bodies to assume an active coordinating function;

6. Notes that despite the efforts made by Commission and Council in recent years to improve coordination between the Community's aid activities and that of the Member States, the level of coordination achieved is grossly inadequate, calls on Member States to improve coordination;

7. In view of the adverse effects of too numerous donors or too many varieties of equipment, asks the Commission to propose, both at European Community level and in international fora, a coordinated limitation of the number of donors in specific sectors or countries, thus reducing the burden on recipients while nonetheless maintaining adequate choice;

8. Calls on the Community to use its influence with Member States, international agencies and other donors in order to achieve coordination, where possible, of the selection of equipment and machinery provided to a country, as a standardized range of equipment facilitates operational training, maintenance and the provision of spare parts;

9. Recognises that there is regular coordination and diffusion of information on projects from the Commission to the Member States, but regrets that, despite several Council resolutions, this generally constitutes a one-way flow, with insufficient data flowing from the Member States to the Commission or to each other; emphasises that effective coordination requires information on the future intentions of donors regarding aid;

10. Recognises that the conflict between donors' altruistic, economic and political interests in giving aid is least
- at the initial policy stage, and
- at the evaluation stage following the completion of programmes or project, where lessons can be learnt for future actions;

11. Urges that immediate action be taken between the Commission, the World Bank and other international donor institutions to obtain strong coordination in the above areas;

12. Considers, however, that it is also important for greater coordination to take place at the project design, appraisal and implementation stages, where considerable benefits to recipients could accrue, and asks the Commission to propose suitable mechanisms;

13. Asks the Commission and Member States to take the lead in simplifying and coordinating the requirements of official aid documentation and accounting, as differences between donors place a severe burden on already hard pressed recipients;

14. Regrets the lack of coordination at the programme and project implementation stage between Community institutions and Member States, and recommends that there should be regular and genuine exchange of information on projects financed by different donors in the same country;

15. Stresses the vital role of Commission delegations in developing countries in the operational coordination of aid, and urges the Commission to make even greater use of its delegations in this regard; draws attention to the potential value of the annual reports on external aid in achieving better coordination in ACP countries;

16. Is convinced that the in-house evaluation unit to be set up in DG VIII in accordance with the amendment voted to the 1986 Community Budget could play a most valuable function in diffusing the lessons learned from ex-post evaluation of projects and programmes; insists on this unit being established in accordance with the 1986 Budget as adopted by the Budgetary Authority;

17. Notes that at present the Commission's coordinating role is inhibited by lack of staff, calls for staff to be made available for this purpose through inter-service transfer or, if this is not possible, through new recruitment;

18. Welcomes recent action by the Community and its Member States to coordinate emergency aid and notes with approval that this coordination has already worked effectively in practice;

19. Believes that recent developments in electronic data-processing and transmission should greatly facilitate the mechanics of information diffusion as an initial step towards coordination; calls on the Commission and the Member States to take advantage of the opportunities offered by new information technologies;

20. Makes the following detailed observations and proposals concerning coordination

(a) that the coordination of emergency aid, which is less affected by commercial competition, has improved, often due to the predominant role played by an international organisation in centralising the overall aid effort, and urges that the search for improved coordination should continue,

(b) that the European Community and its Member States should merge their emergency assistance operations, and asks the Commission to make proposals to this effect,

(c) that coordination of food aid with non-Community donors be improved through the FAO and the World Food Programme;

21. Recognises the worthwhile function of the General Assembly and Liaison Committee of European NGOs in coordinating aid distributed by European NGOs; calls for more coordination between European and non-European NGOs and between NGOs and other aid donors, including bilateral donors;

22. Is deeply concerned by the lack of coordination within the Commission, Council and European Parliament between different policy sectors; notes especially that certain Community trade and agricultural policy decisions can run counter to Community development policy objectives, in particular sees a need for effective internal coordination when formulating sugar policy as well as trade and industrial policies affecting imports from developing countries;

23. Maintains that the purpose of coordination must be to ensure that the recipient derives maximum benefit from aid and that taxpayers' money is used to greatest beneficial effects, but emphasises that better coordination should in no case lead to a reduction in the overall volume of aid received by a developing country;

24. Instructs its President to forward this resolution to the Council and Commission of the European Communities, and to the Foreign Ministers acting in Political Cooperation.

B.

EXPLANATORY STATEMENT

I. Why Coordinate?

The prime purpose of the development and cooperation policies of the European Community and its Member States it to assist the development of third world countries. In practice, this is more or less closely linked, particularly in the case of bilateral aid, to the furthering of national interests, both commercial and political. This duality of objectives behind development assistance is the main, but by no means the only, obstacle to coordination. Coordination is often undertaken with such reluctance that right at the outset of this report it is worth summarising certain of the considerations for and against coordination.

Volume of aid and number of donors - since World War II the volume of aid and number of donors has increased dramataically. In certain African countries the number of donor agencies has reached almost unmanageable proportions. One poor Sahelian country has at present over 60 different agencies, national, multilateral, and non-governmental, operating on its territory with almost no coordination. The burden imposed on fragile administrations in developing countries by a multiciplicity of different donors, all with their different forms and bureaucracy, all sending missions requiring 'top level' treatment, can be intolerable.

Dispersion of effort, waste of resource, damage through lack of planning - without coordination not only is there duplication of effort, but one project can adversely affect another. For example, when the construction of a dam for an irrigation project had severe effects on the environment and agriculture downstream; and when a series of uncoordinated agricultural projects produce an unwanted surplus of a particular product. Lack of coordination can also have less obvious deleterious effects, such as the impact on supply and prices in national markets of excessive demand for a commodity or service by a major project. Conversely, effective coordination can lead to better planning of resources, improved timing and programming and more efficient use of funds, to the advantage of both donor and recipient.

Coordination of evaluation of aid is particularly important, as there is no doubt that in the past the lessons both of failure and success in aid have not been adequately shared, with the result that aid has been less effective than it might have been.

'Advantage', however, is not always objectively measured. Just as within a country there are arguments about the course of national policy or action most likely to produce the best results, so there are differences between donors, and between donors and recipients about what should be done. This coupled with the fact that coordination can make it more difficult for the developing country to play one donor off against another has led on occasions to developing countries being more wary of coordination than might initially have been imagined.

Clearly there is advantage in variety, leading to choice and aiding the learning process: but this depends on the existence of evaluation and sharing of information - both involving some coordination.

For many donors aid, and in particular bilateral aid, is closely linked with commercial policy as well as political and strategic interests. Donor countries generally show considerable reluctance to coordinate or exchange information on projects if such coordination might jeopardize the commercial advantages of their national companies in securing contracts. Aid is so closely tied to export market shares and political influences that it would be unrealistic to imagine a degree of national altruism that would put the cause of efficiency before national economic advantage.

Yet in balance, it seems clear that the effectiveness of aid is greatly enhanced through mechanisms for efficient coordination in which the recipient country plays a determining role. For example, the results achieved by the United Nations Commissioner in Ethiopia working in close conjunction with the Relief and Rehabilitation Commission, were widely admired. While it is evident that the disparate donors working under various guiding principles in developing countries are unlikely to agree to full coordination of all actions, nevertheless a much higher level of coordination than is at present the case can be attained, particularly between the Community and its Member States, and also with other agencies. It is important to stress, however, the importance of (i) coordination and exchange of information being a two-way process, (ii) the active involvement of the recipient country in such coordination.

II. The Background

Development assistance as we now know it, i.e. concessional flows from richer to poorer sovereign states, is a post-second world war development. Prior to the late 1940s, even between colonial powers and their dependencies there was little North-South flow as most colonies were generally expected to be internally self-financing. Thus development assistance is a relatively recent phenomenon, dating back only some 40 years. While aid flows started in the late 1940s, the real impetus came after in the 1960s and 1970s. This should be borne in mind when considering the relatively uncoordinated nature of aid. It takes time for structures to develop and to be harmonised. Thus quite apart from the obvious commercial, political and strategic rivalries that deter coordination, there is also a time factor - the novelty of concessional North-South flows being significant.

As well as the more obvious forms of coordination - between different donors and between recipients and donors, there is an equal need to coordinate the different policies of donors, both bilateral and multilateral. It is far from uncommon for development policies to come into conflict with trade or agricultural policies, and in this respect the European Community is a serious offender. The European Parliament has repeatedly pointed to the contradiction in policies which encourage production of a certain product for export, only to impose restrictive tariff barriers once the level of import penetration, albeit modest, constitutes a threat for a sector of European industry or agriculture. It is, of course, in agriculture that the situation is most clearly unsatisfactory. Apart from the fact that agricultural products covered by the C.A.P. are largely excluded from the tariff concessions available under the Lomé Conventions, agricultural trade policy can have deleterious consequences for Third World agriculture. The effects of European sugar exports on the world market price of sugar is perhaps the most glaring example. It is important to consider internal, inter-sectoral policy coordination as part of this report, but this will be dealt with as a quite separate section (section IV).

III. Steps towards greater coordination within the EEC

The European Community has, for several years, been aware of the need for greatly enhanced coordination in respect of development, a theme which has already been the subject of reflection by the Commission and Council notably in :

- the Commission communication to Council of 26 March 1984 entitled "Toward better coordination of development cooperation policies and operations within the Community" (COM(84) 174 final),
- the Development Council resolution of 5 June 1984 on coordination of cooperation policies and operations within the Community, circulated to members in document PE 90.516,
- the Commission staff paper of April 1985 entitled "degree of convergence of Member States' aid policies" circulated to members as document PE 98.437,
- the Development Council resolution of 23 May 1985 on coordination of policies and operations within the Community, circulated to members in document PE 98.434,
- the Development Council resolution of 4 November 1985 on coordination of cooperation policies and operations, circulated to members in document PE 101.912.

Furthermore, on 14 March 1984 the Court of Auditors adopted a special report on the coordination of Community aid to third countries (OJ No. C 224 of 25.8.84).

There is little doubt, as can be seen from the Commission's report on the coordination of cooperation policies and operations within the Community, published on 21 October 1984 (distributed to members as document PE 101.491), that important advances have been made, and that under pressure from the Council, Member States are becoming more aware both of the advantages of coordination and the obligations imposed by Community membership. Despite this progress much remains to be done, particularly as far as coordination with non Community donors is concerned.

IV. Coordination in practice

In principle coordination is desirable on every level of development assistance.

a) coordination at policy formulation level

Before even considering the general selection of projects, it is desirable for donors to coordinate overall policies, obviously with the recipient countries or regions, but also with other donors. At present no formal mechanisms for such inter-donor coordination exist globally. OECD Member States have a useful forum within the DAC, but this is only as valuable as its members wish to make it. Under the aegis of the DAC its Member States prepare biennial reviews of their development programmes, which are circulated to other members. This is not coordination per se, though such an exchange of information can provide a basis on which coordination can be built. The DAC is now intensifying its activities in this area, and it merits strong support. It occupies a particularly privileged position as it includes all the major Western aid donors including 8 Member States of the Community. The Community has for several years had contacts with the IBRD and the UN Agencies but here the exchange of information has been predominantly at the level of individual projects or programmes rather than dealing with broad principles. The United

Nations special sessions on Africa, and the World Bank's invaluable work on Africa's development requirements, have profoundly influenced the thinking of the Community, its Member States and many other major donors, but this should not be equated with coordination.

At the policy formulation stage there is considerable scope for coordination, much more than at the project identification stage, as there is less pressure imposed by commercial competition than is subsequently the case though political and strategic interests can appear at this stage. This is the phase at which the country's real needs, immediate and longer-term, are analysed, and solutions proposed. There have been examples of centralised coordination in policy formulation, notably by the World Bank, but this remains exceptional.

In many cases a major donor, ideally a commercially neutral multilateral donor with suitable technical facilities, working in closest collaboration with the recipient country, can assume a coordinating role. It is of the greatest importance that coordination at this level take place in the country in question, according to the general guidelines laid down by the recipient, and with the approval of the latter regarding all details. While policy formulation will involve dialogue, it must not impose principles on a reluctant recipient.

According to the special report of the Court of Auditors on the coordination of Community aid to third countries[1], the Member States, with the exception of the Federal Republic of Germany, generally do not provide the Commission with their programmes of bilateral aid. Similarly neither the Commission nor the Member States exchange the information collected on bilateral and multilateral aid.

Within the European Community itself the five-yearly renewals of the Lomé Conventions have been particularly useful in forcing the Community and its Member States to rethink principles together. Thus it could be maintained that the Community's own policies at this level, as reflected in the Conventions, are coordinated by the Member States and reflect the thinking of the Ten (now Twelve), but the reverse is unfortunately, not true. While the Member States are fully aware of the general orientations determining Community development policy, which naturally reflects their consensus thinking, the Community, on the other hand, is not consulted on, or informed of, the Member States' policy guidelines, nor is an individual Member State necessary in harmony with its fellows in this respect. Outside the Community the situation is even worse. Virtually all Community efforts have been concentrated on coordination between the Commission and the Member States while disregarding coordination with other bilateral and multilateral donors.

The level of coordination within the Community, i.e. between the Member States and the Commission, would appear to be more highly developed where it has been decided to implement major sectoral programmes. In this respect "food strategies" currently operating in four African countries show a noteworthy level of concertation. Here again one may wonder if any degree of coordination took place with non Community agencies.

At national level within developing countries the proliferation of aid agencies can impose enormous strain on weaker administrations, as well as resulting in a multiplicity of not always compatible approaches and

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(1) OJ No C224 of 25.8.84

duplication of effort. It would be highly desirable for donors to coordinate their activities at a very early stage in such a way as to ensure that only a limited number is active in any one sector or country, thereby reducing the burden on recipient governments while maintaining adequate choice.

b) At the stage of project identification and selection

At the stage of project identification and selection under the Lomé Convention there is good coordination between the Commission and Member States. The Commission draws up a detailed profile note for each project as it is identified. These profile notes, giving details of the projects to be assisted, are sent to the Member States for information. This enables Member States to be aware of developments under the EDF, to inform the Commission of their experiences regarding this or similar projects and of any possible interest they may have in co-financing. At the same time Member States are able to inform interested companies of the projects which the Community intends to finance, thereby enabling these companies to prepare to submit tenders.

While coordination from the Community to the Member States is satisfactory at this level, it tends unfortunately to be a one way flow. The Member States do not reciprocate with similar information.

The Community does not systematically inform other donors, be they third-country bilateral donors or multilateral agencies such as the IBRD, the UNDP or the FAO, of its project proposals. At this level there is practically no real coordination or exchange of information outside the Community framework. It is often at this stage that coordination between donors would be most effective, before financing agreements have been signed and funds committed. This is the key stage for coordination, yet apart from an adequate and valuable flow of information from the Commission to the Member States, no coordination takes place. The result is frequent waste of resources. The situation is most serious in the poorer developing countries, which frequently lack the national administrative structures required to carry out the necessary coordination. It is unfortunate that these least developed countries frequently have the highest number of donors operating on their territories.

In certain countries, often the richer and more developed countries, one donor can play a predominant role with an aid mission and resident development specialists in place. Where such a donor exists, depending on the personnel of the mission, it can play a valuable coordinating role on an informal, ad hoc basis. This, however, is at best a makeshift arrangement and must not be regarded as a substitute for properly-organised coordination mechanisms.

c) At the financing decision stage

The decisive role of the EDF Committee ensures satisfactory coordination at the stage of the financing decision in the case of EDF-assisted projects. As far as projects with Latin American and Asian developing countries are concerned coordination among the Member States is also reasonably adequate. Despite Parliament's dissatisfaction with the decision-making procedures provided for in Council Regulation EEC No. 442/81 of 17.2.81[1], it must be admitted that the relevant committee does ensure coordination.

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(1) OJ No. L48 of 21.2.81, p.8

Once more one notes that coordination at this level is predominantly one way, from the Community to the Member States and not vice versa. Nevertheless it must be added that exchange of information on bilateral projects and programmes at this stage in the procedure would be of little utility so the one way nature of the flow is acceptable at the financing decision stage.

One result of coordination between Member States at this stage is that contracts for projects under the EDF tend, where possible, to be shared out more-or-less equitably between the Member States, so that no one state can predominate in a specific sector. This in itself can have a negative effect on coordination for recipient states . If, for example, firms from a certain state build the best roads in Africa at the most competitive prices, why should all African roads financed under the EDF not be built by companies from that state? Yet, statistically, that would be considered discrimination by competitors, and pressure would be applied to ensure a more even spread. Thus coordination here can have its disadvantages as well as its advantages, particularly if the recipient is not intimately involved in the coordination process.

Financing decisions in the case of co-financed projects inevitably involve coordination between the various donors. Here again it is important for coordination to take place at earlier and later stages. A certain amount of coordination between donors in the preliminary stage is inevitable in co-financed projects, though it has been suggested that more widespread diffusion of information at the project identification and selection stage might open the door to other possible co-financiers.

In the case of multilateral projects financed by other agencies, there is very little flow of information at this stage. Once more this is not so important as lack of coordination at other stages.

d) At the programme and project implementation stage

This is one of the most critical stages in any project, and it must be regretted that very little coordination takes place during project implementation. It must be emphasised that the Commission delegations, in particular in the case of ACP countries, have a key role to play at this stage in ensuring coordination between Community activities and the programmes and projects carried out by the Member States.

The Court of Auditors has noted that "virtually no exchange of views occur in projects of the same type which are already underway and financed by different donors in the same country"(1). It is at this level in particular that the delegation can play an invaluable role as coordinator. Here there could be coordination with other projects in the same country or region, and exchange of ideas on similar projects - problems and possible solutions - throughout the developed world. Lack of coordination between projects is particularly striking in poorer LLDCs where the necessary administrative structures tend to be weakest and development agencies often diversified.

There is a pressing need for greater standardisation of equipment. Poor countries often employ, for example, more than a dozen different water pumps, all with similar capabilities, yet each requiring different operating and servicing skills and separate stocks of spare parts. It would be of real

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(1) Court of Auditors Special Report on the coordination of Community aid to Third Countries, OJ No. C224 of 25.8.84, p.7

benefit if such equipment could be limited to a small number of makes and models, thereby facilitating both the training of operators and maintenance staff and the stocking of spare parts. Agreement on such limitation would, however, be difficult as bilateral donors normally favour nationally-produced equipment in their projects. This is an area in which coordination could lead to an appreciable increase in efficiency and to optimum use of resources.

Similarly, different donors generally require quite distinct accounting procedures in respect of assisted programmes and projects, with which local administrations have to cope. More standardised accountancy procedures, achieved through prior consultation and coordination between donors, could greatly ease the administrative burdens on the civil services of developing countries.

While coordination between the Community and its Member States tends to be inadequate at this stage, it is virtually non existent with projects co-financed or executed by other donors. The notable exceptions to this rule are major sectoral programmes, including those carried out under the auspices of an agency such as the FAO, where several individual projects form an overall development pattern. Such programmes, however, are the exception rather than the rule.

e) Coordination of ex-post evaluation data

It would seem appropriate to consider the analysis of the results of coordination under this heading, even though what is required is not so much coordination as dissemination of information in order to assist other agencies to learn from previous mistakes.

At this stage it would appear that diffusion of information is erratic and generally inadequate. Many Community projects, both under the EDF and in Asian and Latin American countries, are never properly evaluated after their completion. Where evaluation takes place, normally by the evaluation unit, the results are made available to the Member States but not to other agencies. Though this is perhaps understandable, it is nevertheless far from an ideal situation.

It should be recalled that, in the 1986 budget, the European Parliament voted for seven extra staff so that an in-house evaluation unit would be set up within DG VIII. Four extra staff, dealing with evaluation as well as having other functions, were appointed to DG VIII in the course of 1986. This is not in accordance with the vote of the European Parliament, which provided for a separate evaluation unit. Parliament insists on the recruitment of all seven staff and the establishment of a distinct evaluation service.

As far as ex-post evaluation is concerned, the Community has much to learn from the IBRD. The World Bank has an active in-house evaluation system, and the results of its analyses are widely diffused within the institution as well as being available to other bodies.

The results of evaluation are seldom made available on a systematic basis between the Community, its Member States, and other bilateral donors. Thus, in general, little can be learned from either the successes or the mistakes of past programmes except where they have been the subject of particular studies by economists or journalists in published studies.

(f) Coordination of emergency aid

Emergency aid does not follow the above pattern as it has to be granted in accordance with an accelerated procedure to cope with sudden emergencies and disasters. Nevertheless it has frequently been noted that emergency aid tends to be better coordinated than regular project aid. This is generally due to the predominant role played by an international organization such as UNHCR, UNDRO, FAO and/or the League of Red Cross Societies. These bodies have amassed a wealth of experience in handling emergencies, and tribute must be paid to their efficacity. This is not to say that confusion does not occur, nor that emergency aid deliveries are invariably programmed correctly. The very nature of emergencies makes a certain degree of confusion almost inevitable yet, as a general rule, this is perhaps the sector in which coordination between donors at all levels tends to be most satisfactory.

Measures agreed in October 1986 between the Member States and the Commission to improve coordination of disaster relief are much to be welcomed, and have already proved efficacious. News of a recent earthquake in Central America was received late one Frdiay, and on Sunday morning a jointly funded EEC-UK mission with a planeload of equipment was despatched, necessary consent being obtained afterwards.

Despite the role of major coordinating agencies, coordination can break down, particularly in poorer countries with inadequate administrative structures faced with a sudden influx of assistance and often poor transport, storage and health infrastructures. It is hard to see how, in the circumstances, this could be prevented, and the relative infrequency of such breakdowns is significant.

g) Coordination of food aid

Regular food aid, as distinct from emergency food aid, generally does not pose a major problem. Such aid is normally delivered at the request of the recipient government which, in effect, acts as coordinator. However, there are occasions on which it would be useful for food aid operations to be better coordinated with non-Community donors, most appropriately through the FAO and the World Food Programme.

h) Coordination with NGOs

Coordination between the Commission and Community based NGOs takes place through properly established structures. A general assembly of European NGOs meets annually in Brussels to discuss with the Commission. The Liaison Committee of European NGOs, which is dependent on the general assembly, ensures contact throughout the year. These umbrella organizations represent national NGOS. Assemblies are held in each Member State, generally on an annual basis.

Individual NGOs have questioned the efficiency of the system, yet it provides a channel for the regular flow of information in both directions.

While coordination between the Community and the NGOs is generally adequate, within the Member States the situation varies considerably. In certain countries NGOs or at least certain NGOs, have close contacts with the Ministry reponsible for development cooperation. In other countries there is little exchange of information between government and NGOs. While it is highly

desirable for contacts to be as close as possible between government and voluntary agencies, it is nevertheless not the role of this report to deal with Member States' internal administrative procedures.

1) Positive measures to enhance coordination

The Community institutions have been aware of the need to improve coordination since the beginning of Lomé I. Starting in 1974, a series of Council resolutions have been passed, the most important of which being the resolution of 5 June 1984[1]. This resolution laid down a useful framework for coordination and exchange of information between the Community and the Member States, though one wonders if compulsory coordination on certain occasions would not be more effective than the "à la carte" coordination on a voluntary basis" proposed in paragraph 1 of this Council resolution.

What is particularly important in this resolution is that it provides for detailed identification sheets on assisted projects, including projects with Latin American and Asian developing countries, being circulated to the Member States. It also (paragraph 2a) provides that Member States should ensure that the Commission departments "are better informed concerning their aid activities for example by supplying them with a summary of the development aid they intend to grant, regularly brought up to date for the ACP countries". Informal contacts between Commission desk officers and their national counterparts should be intensified. Furthermore this resolution provides for periodic reports on the development of each country and on external aid, particularly of EEC origin, to be drawn up jointly by the representations of the Member States on-the-spot and by the delegation.

A more systematic exchange of information concerning visits or missions carried out by representatives of the Member States and of the Community in the context of their aid policies was also proposed.

The Council resolution of 4 November 1985[2] amplifies this theme by recalling "the usefulness, particularly when high-level missions from the Commission or from the Member States visit the countries concerned, of systematic talks with the Commission Delegate and the representatives of the Member States in the field".

Thus real attempts are being made to improve coordination between the Community and the Member States. In practice, while a marked improvement has been noted, it would appear that the situation is still far from satisfactory. In a report on the coordination of cooperation policies and operations within the Community published by the Commission on 21 Ocobter 1985[3] the Commission notes that, despite Council's resolutions, much more information flows from the delegations to the Member States representatives than in the other direction. In this report delegates were quoted as stating the view that "some heads of mission appear to regard themselves as having a right to full access to the delegation's resources, without any reciprocal obligation to provide details of their own development activities" (page 5, last paragraph).

It would appear from this valuable report that in poorer and/or smaller developing countries where there are only one or two missions and a delegation, contacts are informal but generally close. Here the delegation, staffed with

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(1) PE 90.516
(2) PE 102.374
(3) made available to members as PE 101.941

development specialists, can play a valuable role and is frequently used as a source of expertise by Member States' missions. While there is generally a flow of information, the quality and quantity of this information is, however, frequently inadequate largely due to the fact that many key decisions are taken in the Member States' capitals, much key information being retained in Europe. Significantly, this report states that delegates are almost unanimous in expressing the view that much scope exists for increasing the flow of information to them from the missions.

Given the small scale of activities and frequent contacts, personality could have a discernible effect on the level of coordination. Where Ambassadors were committed to the European ideal, the flow of information was frequently more important.

35. In richer and larger developing countries, where most Member States were represented, cooperation tended to take place in a more formal context with regular meetings between delegations, national aid missions and diplomatic representatives. In some countries arrangements existed for regular and close cooperation within an agreed framework of meetings, and constant two-way flows of information took place. This, however was not typical, and in many countries the flow of information was almost uniquely from the delegations to the Member State representatives. Concern with trade opportunities and the promotion of national industry often restricted the flow of information from Member State missions, particularly where commercial competition was intense. One delegate stated that, in such circumstances, "it is easier to obtain information from the United States or the World Bank than from a Member State".

It is also noted that there is frequently no "réflexe communautaire" at the stage of planning development projects and programmes, so that actions which could benefit from inputs by the Community or by other Member States are not proposed. On the other hand, cooperation with the World Bank in particular is a frequent reflex in planning. This is perhaps also due to the importance of the commercial interests at stake.

The Commission report showed that, in certain developing countries where the mission of one Member State dominated in a particular sector, sometimes that mission perceived coordination as a one way exercise whereby all others are expected to conform to its policies rather than it acting as a central coordinator, a role for which such missions would be ideally suited.

As a result of the UN "substantial new programme of action in the least-developed countries" adopted in Paris in 1981, coordination in certain LLDCs, under the leadership of the UNDP and/or IBRD, has increased considerably. UNDP round tables, and World Bank consultative groups, under government auspices, have become important fora for planning and coordination in these LLDCs and this pattern should be strengthened and extended. However the recipient country should play the central role in such coordination, but in fact, in many cases, technical assistance would be required to develop this coordination function. Where appropriate, a leading donor, bilateral or multilateral, could assume the role of coordinator for a specific sector or sub-sector.

j) The role of the Court of Auditors

Any report on the coordination of Community development assistance would be incomplete if it were not to refer to the work of the Community's Court of Auditors. While not primarily concerned with coordination, the Court in fact

fulfills a most useful function by diffusing widely the results of its investigations into the use made of Community funds in development projects. Since its foundation the Court has always adopted a rather broad interpretation of its competences in this respect, and examines the value, implementation and results of projects as well as their mere financial management. By publishing their annual and special reports in the Official Journal of the European Community the Court of Auditors can reach a wide readership, and their investigations are frequently reflected in press articles. The Committee on Development and Cooperation must pay tribute to the work of the Court of Auditors, which is, unfortunately, unable to examine more than a few dozen projects in a year.

V. Coordination with other policy areas

The Community, in common with most bilateral donors, on occasion pursues mutually incompatible sectoral policies affecting developing countries. This is particularly true in the case of trade policy and agricultural policy. What could be more frustrating for a developing country that has built up an export-orientated industry with EDF assistance, than to find its products threatened with exclusion from the Community on the grounds that they are in competition with a European industry. In times of high unemployment it is easy to understand the development of protectionist pressures, yet this does not deal with the fundamental issue. There is a pressing need for inter-sectoral coordination at Community and Member State level both to obviate situations such as that outlined above, and to deal with such cases should they nevertheless arise. Timely coordination is preferable, for both parties, than recourse to safeguard mechanisms.

The Common Agricultural Policy is the most highly developed and the most powerful Community policy. Already most products covered by the CAP are excluded from the special trade advantages offered under the Lomé Conventions. Even non-CAP products are subject to restrictive trade régimes. One remembers the Parliament's unsuccessful efforts on behalf of winter strawberries from ACP States[1]. The most flagrant example of Community agricultural policy militating against the interests of developing countries is the effects of Community sugar exports on the world market price. Yet the Community's sugar surplus, exported with such undesirable consequences, is the result of Community policy decisions, taken in 1975 and 1976, to increase beet sugar production. Perhaps coordination at a preliminary stage could have influenced such ill-advised policy-making.

In any possible conflict of interest the weaker partner is naturally at a disadvantage. In the Community structure both the external trade and agriculture Directorates General carry more weight than development, and the same is true in the corresponding Member State ministries. This is all the more reason for coordination. Prior coordination of policies should generally prevent the sort of sectoral clash in which the results of Community development policy and the developmental interests of the Third World are subordinated to the industrial, commercial or agricultural interests of a Community Member State. Such coordination should take place both at the policy formulation stage and when deciding on specific projects.

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(1) De Courcy Ling Report, Doc. 1-217/84, OJ No. C172 of 2.7.1984, p.183

VI. Conclusions

It would appear that coordination is easiest at the very first and last stages of the project/programme process, i.e. when deciding on broad policy lines and on a country's development requirements, and even more at the end of the process, when analysing the results of projects and programmes and the lessons to be learned therefrom. The nearer the tendering stage, with its financial/commercial interests, the more difficult coordination becomes.

The DAC can play a valuable role in the initial policy formulation stage. As far as on-the-spot coordination is concerned, more particularly at the programme or project implementation stage, but also with regard to ex-post evaluation, the Commission delegations have a most important function.

All coordination must involve fully the recipient. It would be counter-productive in the long term to take decisions between donors without the active approval of the recipient. In fact the most positive form of coordination is on the latter's initiative.

In general, while steps have been taken over the last three years to improve the level of coordination within the Community, much remains to be done. There is still inadequate coordination between the Member States, while third countries and non Community agencies are involved in the exchange of information on a largely informal basis. The spread of electronic data processing has greatly facilitated coordination and exchange of information. The establishment of data bases available to interested donors and recipients should facilitate the diffusion of information on policies, programmes and projects at all levels. It is important to take advantage of the enormous opportunities offered by new technologies.

The crux of the problem is, nevertheless, political rather than technical. Unless the will to coordinate exists, the technical means will remain underutilised. It is tragic that limited resources can be squandered and efficiency impaired by lack of coordination engendered by traditional administrative secrecy and commercial rivalry, yet such is the case. While coordination can most readily be enhanced at the policy formulation and evaluation of results stages, efforts must be made even at the more commercially and politically sensitive stages in order to achieve maximum efficiency. The key to enhanced coordination is the development of genuine mutual interest and trust between donors, in closest collaboration with recipients.

Letter from the committee chairman to Mrs Katharina FOCKE, chairman of the Committee on Development and Cooperation

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Subject: Coordination of development aid

Dear Mrs Focke,

At its meeting of 29 and 30 October 1986[1], the Committee on Agriculture, Fisheries and Food discussed the problem of coordinating development aid in connection with the own-initiative report which Mr Christopher Jackson is preparing for his committee.

My committee confined its deliberations to the question of coordinating development aid policy with the CAP, the most complex and highly developed of all the policies. It believes that much has already been achieved in this area and that the charge that the common agricultural policy fails to take account of the interests of the developing countries is often unwarranted. It should not be forgotten, for instance, that there is a preferential arrangement for ACP sugar entailing importation into the Community of 1.3 million tonnes of sugar which must subsequently be disposed of on the world market - an operation involving a considerable outlay on export refunds. Moreover, exports of C quota sugar are financed by the Community producers themselves, not by the Community budget.

It must also be pointed out that sensitive products, i.e. those which are of interest both to the developing countries and to the EEC and may come into competition, are relatively few in number, since seasonal factors or types of product usually make for complementarity in terms of output.

It is clear that coordination of the common agricultural policy with the development aid policy is in the interests of both the Community and the developing countries, and this should be borne in mind when new measures are introduced in the agricultural sector or when decisions are taken in the development aid and food aid sectors.

Yours sincerely

Teun TOLMAN

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[1]The following took part in the vote:
Mr Tolman, Chairman; Castle, Christensen, Dalsass, Früh, Gatti, Guarraci, Guermeur (deputizing for Mr Musso), Maher, Mertens, Morris, Navarro Velasco, Pisoni F., Provan, Rossi, Späth (deputizing for Mr Bocklet).

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European Communities

EUROPEAN PARLIAMENT

WORKING DOCUMENTS

English Edition 1986-87

5 February 1987 SERIES A DOCUMENT A 2-212/86/ANNEX

ANNEX

to the report by Mr C. JACKSON
drawn up on behalf of the Committee on Development and Cooperation

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OPINION of the Committee on External Economic Relations

WG(VS1)/5503E PE 104.897/fin./Ann.

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on External Economic Relations

Draftsman: Mr GRIMALDOS

At its meeting of 12 November 1986, the Committee on External Economic Relations appointed Mr GRIMALDOS draftsman.

At its meeting of 28 November 1986 the committee considered the draft opinion and at its meeting of 29 January 1987 adopted its conclusions unanimously.

The following took part in the vote: Mr MALLET, chairman; Mr SEELER and Mr TOUSSAINT, vice-chairmen; Mr GRIMALDOS, draftsman; Mr BLUMENFELD (deputizing for Mr Van Aerssen), Mr CANO PINTO (deputizing for Mr Pons Grau), Mr ESCUDER CROFT, Mr HINDLEY, Mr LEMMER, Mrs LENZ (deputizing for Mr Costanzo), Mr MOORHOUSE, Mr ROSSETTI, Mr SILVA DOMINGOS, Mr TRIDENTE, Mr ZAHORKA and Mr ZARGES.

1. There are two ways of looking at the problems of coordinating development aid:

   (1) Coordination, for maximum effectiveness, of aid from Member States and from the Community, and between such aid and aid from international organizations. In this regard, there is also a need to make optimum use of the opportunities for cooperation by the recipient countries themselves.

   (2) Coordination between the various Community policies so that measures carried out within the framework of development aid policy do not conflict with other long-term or short-term measures, connected with the Community's trade policies, both general and sectoral.

2. Clearly, the opinion of the Committee on External and Economic Relations should deal principally with this second aspect.

   Although this is an extremely broad theme, certain areas are of special interest:

   1. The effects of the common agricultural policy (CAP) on the economic development of the developing countries, particularly in such sectors as sugar, cereals, meat and dairy produce.

   2. The compatibility of decisions under the system of generalized preferences with the Community's development aid policy.

   3. Limited opportunities for many developing countries as a result of the line taken by the Community's development aid policy, which creates a preferential framework for certain countries (ACP and Mediterranean countries) at the expense of the other developing countries. The latter thus have to overcome two sets of barriers to find outlets for their exports: those under the CAP and those caused by the preferential agreements.

3. The best example of the conflict between trade policy and development aid is sugar. Under the CAP, the isolation of the Community market from the rest of the world and the adoption of internal prices which are considerably higher than those on the world market have led the Community to double its share of world exports (approximately 9% in the 1960s, over 20% in the 1980s).

   According to the World Bank[1], the policies of the industrialized countries in the sugar sector caused the developing countries export losses totalling US$ 7.400 million in 1983 and a fall in revenue of 2.100 million, while increasing by some 25% the fluctuation of prices on the free world market. The Bureau of Agricultural Economics in Australia[2] has estimated the total cost of the CAP to the developing countries at between US$ 260 and 510 million a year.

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[1]World Development Report, 1986, p. 114
[2]Agricultural policies in the European Community, 1986, p.157

4. At the same time, the Community, through its sugar protocol, allows 18 developing countries which are party to the Lomé Convention to export sugar quotas to the Community duty-free. Thus the Community, which is a net exporter of sugar (rate of self-sufficiency in 1985: 131.7), often re-exports the sugar imported under the protocol. The losses which this process involves have been calculated by the World Bank at US$ 42 million in the years 1981-82[3].

5. Criticisms have also been levelled at the effect on the developing countries of Community policies in the beef and veal, cereals and dairy-produce sectors. Thus the 1986 World Bank Report, which strongly criticizes the agricultural policies of the industrialized countries, states that:

'By expanding output and depressing domestic demand, their policies reduce world prices and distort the relative prices of agricultural and manufactured goods. By granting special trading privileges to remedy some of the harm, industrial countries can make matters worse. And by destabilizing international markets, their farm policies can amplify rather than dampen commodity price fluctuations.[4].

6. As regards the system of generalized preferences (SGP), three aspects should be considered:

(a) By excluding in practice the agricultural produce of the temperate regions, the SGP helps to increase the tendency already present in the developing countries to concentrate too much investment in the industrial sector where they have relatively fewer advantages.

(b) The industrial sectors which are the most promising for exports from developing countries, i.e. iron and steel and textiles, are considered as sensitive by the Community and SGP concessions in these sectors are conspicuously few.

(c) Measures which run counter to the spirit of the SGP in the form of preferential agreements between the Community and a number of developing countries (Mediterranean and ACP countries). The Community would therefore have to set up the appropriate machinery to redress this situation, both financially and commercially.

7. It is impossible, within the narrow limits of an opinion, to examine in greater depth whether the SGP concessions are compatible with the bilateral agreements under the Multifibre Arrangement and the agreements on self restraint in the iron and steel sector; moreover, the latter have not been published and their details are known only unofficially. A study analysing the extent to which Community policies are consistent with one another would be of very great interest.

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[3]World Development Report, 1986, p. 142
[4]World Development Report, 1986, p. 125

8. It can be concluded from the above that insofar as it is designed to increase the productive capacity of the developing countries, Community development aid fundamentally conflicts with the objectives of the Community's trade policy, which is at present tending towards a degree of caution in many sensitive areas. In particular, non-tariff barriers against imports have increased as shown in the table below:

Percentage of Community imports subject to non-tariff barriers

Imports from industrialized countries		Imports from developing countries	
1981	1984	1981	1984
10.3	10.7	21.1	21.7

Source: World Bank 1986

9. The need for greater coordination between the various Community policies, in particular through increased contact between the different services of the Commission and the Member States, is connected with the fact that only a gradual liberalization of the Community's trade policy, particularly within GATT, can guarantee that aid for the developing countries does not ultimately increase the obstacles facing these countries on world markets.

10. Accordingly, the Committee of External Economic Relations,

A. having regard to the links between the trade policies of the developed countries and their development aid measures:

- inasmuch as development aid policies encourage growth in the production and, ultimately, the competitiveness of the developing countries in those sectors where aid is channelled,

- inasmuch as it is trade policies which determine whether or not the developing countries can find outlets on the international markets for products in which they are, or are beginning to be, competitive,

B. whereas the increased trade capacity of the developing countries - the main indicator of their economic growth - may be jeopardized by action taken by the developed countries:

- in the long term, the implementation of projects which lead to surplus production capacity in certain sectors,

- in the short term, an increase in protectionist barriers against those products in which the developing countries are beginning to be competitive,

C. having regard to the European Community's dual role as formulator of the trade policy of its members and promoter of development aid measures,

1. Recognizes as vital the need to coordinate development aid measures among themselves and with the other external policies, especially trade policies;

2. Deplores the conflicts between the Community's development aid policies and its trade policies, especially:

   (a) the effects of the common agricultural pplicy (CAP) on the economic development of the developing countries, particularly in sectors such as sugar, cereals, meat and dairy produce;

   (b) the exclusion from the system of generalized preferences of products which are encouraged by development aid measures;

   (c) Limited opportunities for many developing countries as a result of the line taken by the Community's development aid policy, which creates a preferential framework for certain countries (ACP and Mediterranean countries) at the expense of the other developing countries. The latter thus have to overcome two sets of barriers to find outlets for their exports: those under the CAP and those caused by the preferential agreements.

3. Draws particular attention to Community policy on sugar, which has adverse effects both for those developing countries which do not belong to the sugar prtocol and for the Community and which, combined with the policies on sugar pursued by other developed countries, has distorted and destabilized the world market.

4. Hopes that the recent Commission initiative for a new approach to industrial cooperation between the Community and the developing countries will continue.

5. Considers it essential, however, for the Community's trade policies to be more consistent with development aid measures and for there to be more coordination among the various trade policies: the coordination of the scheme of generalized preferences with the agreements under the Multifibre Arrangement would be of particular interest. Greater consistency and coordination would make it possible to release financial resources to provide policy on development cooperation with a firmer material base.

6. Points out that only the gradual liberalization of the Community's trade policy, particularly within GATT, can guarantee that aid to developing countries does not, ultimately, increase the obstacles facing these countries on world markets.

7. Asks, therefore, the Commission and the Council to support the liberalization measures necessary for increased compatability between trade policy and development policy in negotiations in international forums of which those within GATT are particularly topical and relevant.