



European Communities

EUROPEAN PARLIAMENT

WORKING DOCUMENTS

English Edition

1985-86

4 November 1985

SERIES A

DOCUMENT A 2-130/85

REPORT

drawn up on behalf of the Committee on Budgetary
Control

on the coordination of Community aid to
third countries

Rapporteur: Mrs Y. FUILLET

PE 97.241/fin.

Or. Fr.

Following the decision of 14 January 1985, the Committee on Budgetary Control was authorized to draw up a report on the coordination of Community aid to third countries (on the basis of the special report by the Court of Auditors - OJ No C 224, 25.8.1984). The Committee on Development and Cooperation was asked to deliver an opinion.

At its meeting of 20 November 1984 the Committee on Budgetary Control appointed Mrs FUILLET rapporteur and confirmed her brief on 15 May 1985.

At its meetings of 14-15 May and 19 June 1985 the Committee on Budgetary Control considered the draft report. The Committee on Development submitted to the Committee on Budgetary Control a series of draft amendments to the motion for a resolution. The amendments were considered and, having been adopted, were incorporated into the resolution. On 29 October 1985 the Committee on Budgetary Control adopted the motion for a resolution as a whole unopposed with 2 abstentions.

The following were present: Mr AIGNER, chairman; Mr MARTIN, Mrs BOSERUP and Mr BATTERSBY, vice-chairmen; Mrs FUILLET, rapporteur; Mr ARNDT (deputizing for Mr SCHREIBER), Mr BARDONG, Mr CORNELISSEN, Mr DANKERT, Mr FELLERMAIER, Mr HÄRLIN, Mrs LENTZ-CORNETTE, Mr MARCK, Mr PAPOUTSIS, Mr PITT, Mr PRICE, Mrs SCRIVENER and Mr WETTIG.

The report was tabled on 30 October 1985.

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.

•

•

•

•

The Committee on Budgetary control hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

A

MOTION FOR A RESOLUTION

on the coordination of Community aid to third countries

A. having regard to the special report of the Court of Auditors on the coordination of Community aid to third countries¹

B. having regard to the report of the Committee on Budgetary Control (Doc. A 2-130/85),

1. Emphasizes that if development aid is to be rendered more effective there must be

- close cooperation between all donors (and recipients) in formulating their development aid policy,
- genuine coordination in implementing these policies,
- a pooling of the lessons derived from the analysis of project assessments;

2. Notes that, for its development aid, the Community has to a large extent opted for a formula based on the joint financing of projects in cooperation with international or non-governmental organizations and also with Community Member States;

¹ OJ No C 224, 25.8.1984

3. Notes that this formula, which makes it possible to carry out projects on a larger scale, requires perfect coordination at all levels between all the participants if it is to prove effective;
4. Takes note of the fact that new procedures have been instituted both by the Council resolution of 5 June 1984 and by the Third Lomé Convention with a view to improving the coordination of aid financed jointly by the Community and the Member States, with particular reference to the assessment of results; notes, however, that, with regard to project selection and implementation, coordination is provided only in one direction, i.e. from the Commission to the Member States;
5. Notes that the isolated cases of poor coordination between the Commission and the EIB highlight an excessively formal division of sectors of activity between these two institutions;
6. Deplores notably the fact that in the case of certain agro-industrial projects in which the agricultural aspects are managed by the Commission and the industrial aspects by the EIB, the two institutions have acted totally independently, an attitude which is prejudicial to the implementation of consistent projects;
7. Draws attention to the efforts made by the Commission to integrate Community projects in the development policy of the recipient countries;
8. Considers that the role of the Commission delegations is essential to ensure coordination of aid with the recipient countries, particularly in order to check that the necessary requirements and infrastructure are available and to supervise the implementation of projects;

9. Regrets the fact that lack of coordination between Commission departments can still sometimes give rise to delays and reduced effectiveness;
10. Welcomes the importance given by the Community, particularly after the report by the Court of Auditors, to improving the coordination of development aid, and recommends the following measures:
- the preparation of a compendium of all the assessment factors employed by the bodies responsible for development aid;
 - reducing as far as possible the obligations imposed on recipient countries in return for a project;
 - the setting up, on a pragmatic basis, of working parties bringing together the various donors to examine regularly the various stages of implementation of projects between initial conception and final assessment.
11. Considers, however, that the pooling of resources with the aim of improving the effectiveness of aid can, in the case of the Community and the Member States, take a different form than that of joint financing on a project-by-project basis and instructs its Committee on Development and Cooperation to study the possibility of extending Community responsibility for such aid;
12. Instructs its President to forward this resolution to the Commission and the Council.

EXPLANATORY STATEMENT

In development aid, as recent events have shown yet again, contributions must be coordinated if the aid is to be effective. This was not a new problem when the Court of Auditors produced a special report on the subject. On the contrary, for a long time now it has been pointing out regularly in its annual reports - but without much success - how inadequately Community aid is coordinated. The good thing about its report is that it adopts an overall and consistent approach to the question, which makes it easier to understand and highlights its importance.

In doing this, the Court of Auditors, by examining the difficulties involved in coordinating Community aid, addresses itself to a huge range of problems which can differ greatly in kind. Obviously, in the first instance, difficulties in coordinating aid raise the problem of the effectiveness of Community financing. Just as obviously, though, coordinating aid from different donors, particularly where the Community and the Member States are involved, is an essential feature of the way such a policy is devised. In other words, the role and the aims of Community development aid policy are directly determined by the degree of coordination achieved between the Community and the Member States. This might range from centralized administration of all aid at Community level, i.e. the Community having exclusive authority in development aid matters, to a mere system of reciprocal information on aid given. What happens in practice probably falls between these two extremes: statements of intention are made and there are a few individual and belated attempts at coordination.

Be this as it may, this latter aspect of the problem of coordinating aid is bound up with the definition of Community development aid policy and should be dealt with by the Committee on Development.

The Committee on Budgetary Control should then confine itself to stressing the advantages of a solution which is as Community-based as possible, involving economies of scale, doing away with duplication of effort and dispersal of resources and discontinuing the ulterior foreign- and trade-policy motives ('neo-colonialism') which are a feature of bilateral development aid.

The Committee on Budgetary Control must therefore concentrate on loss of effectiveness attributable to the lack of aid coordination, whether within the Commission, between the Community and the recipient, between the Commission and the EIB, between the Community, international organizations and other donors and, lastly, between the Community and the Member States.

The sole aim of this report will be to be constructive. There is no intention whatever of drawing up a catalogue, for unwholesome publicity purposes, of such breakdowns as may have occurred in one place or another.

Nor is there any question of setting up as critics of the Commission, or even as schoolmasters seeking to give it some lessons in good management.

The sole aim is to capitalize on the observations made by the Court of Auditors and the Commission, and on their experience, and to offer Parliament's support for the reforms and improvements suggested by those observations and that experience.

If the multiplicity of sources of financing and of decision-making centres is taken as read, it ought to be possible to palliate coordination difficulties, which are difficulties of communication between these various sources and centres, by virtue of the desire for efficiency shown by the various partners. This desire should be sufficient to overcome the inclination of each individual partner to keep its areas of responsibility intact.

I. EXTENT OF THE DIFFICULTIES

The Court of Auditors bases its analysis on a whole series of specific instances where the Commission has taken a stand. It should therefore be possible to summarize the situation.

The Commission does not believe the situation to be perfect, and feels that a great deal of progress still needs to be made as there are still shortcomings in the present system. Specifically, this refers to time or appropriations wasted, actually of quite relative size, squandered as a result of duplication of effort, and repeated - thus avoidable - planning errors.

In fact substantial efforts have already been made to improve coordination. These efforts have not been pursued with equal intensity at all levels. The Commission gives a brief description of them, from which it emerges that there is more often an attempt to exchange information on both sides than any real coordination:

- at the planning stage, arrangements for exchanges of information (often in the context of advisory groups or committees) between the Commission on the one hand and the EIB and national bodies on the other are laid down in numerous texts. With non-Community donors, this exchange of information takes place on a pragmatic basis;
- at the project selection and decision-making stages, there is in practice only a one-way flow of information: the Commission notifies the Member States of its projects and decisions, but the opposite is seldom true;
- at the implementation stage, exchanges of information and meetings between the various officials responsible are provided for and arranged. Nevertheless, the situation varies widely from one Member State to another and, in the case of food aid, coordination can only be achieved on a case-by-case basis and as an exception to normal practice;
- at the results assessment stage, coordination should improve considerably following the Council resolution of 5 June 1984 and the entry into force of the third Lomé Convention. Provision is made for assessment reports to be drawn up jointly by the diplomatic representatives of the Member States and the Commission delegates.

The projects which attracted criticism from the Court of Auditors, considered in the light of the Commission's replies, confirm that such efforts at coordination are still too insignificant and that the appropriations, which are particularly inadequate in this sector, could sometimes be used more effectively. It is not easy to assess how widespread the phenomenon is. But even if we admit it is marginal, it is still particularly regrettable that appropriations earmarked for development aid should be wasted or that projects should be held up as a result of poor communication between the various partners involved.

II. NATURE OF THE VARIOUS DIFFICULTIES

It is instructive to examine the various cases of faulty coordination cited by the Court of Auditors. The drawbacks of compiling a list of errors and mistakes, with all the sensationalism that implies, should, however, be avoided, and particular cases will be cited only when absolutely necessary.

An initial observation is that it is very difficult to rank not just the whole range of problems but also the respective importance of each of them, in order of size. Furthermore, there is very little disagreement between the Court of Auditors and the Commission as regards the lack of coordination between the Community and the recipient states, between the Community and the Member States or between the Community and other donors. These difficulties are political ones.

On the other hand, the Commission disputes the existence of most of the difficulties pointed out by the Court of Auditors relating to coordination between the Commission's departments or with the EIB. It does not see such observations as warranted except in isolated cases, which it stresses are exceptions.

For a more specific analysis, a distinction must be drawn between the various categories of cooperation, and thus of coordination.

A. Coordination between the Commission and non-Community donors

Development aid appropriation requirements are enormous. The actual appropriations are scarce. Many of the projects, relating generally to infrastructures, require substantial financial input and cannot be carried out except through arrangements involving several sources of finance. Multiplicity of sources of finance is therefore a necessary, even a desirable, feature of a large part of Community development aid. Consequently, coordination with international bodies and non-governmental organizations is an essential mechanism if such aid is to be effective. It is hard to lay down the principles for this type of coordination in a set of rules, since, by definition, the partners involved change for each transaction. Coordination is therefore determined on a case-by-case basis, normally through the appointment of a manager, which ought in theory to dispose of any problems at the implementation stage. When difficulties do nevertheless occur, they can only be resolved by an appeal to good will and by negotiation between bodies which are, by definition, independent.

Contacts may also take place in an institutionalized way so as to improve coordination when it comes to defining objectives. This applies to relations with the NGOs, which the Commission convenes annually for this purpose and with which it maintains close contact; it also applies to food aid: the Commission takes part in the work of the Committee on Food Aid.

B. Coordination between the Commission and the Member States

Co-financing of projects set up jointly by the Community and the Member States is a positive thing in itself, although some might think that all development aid should be entrusted to the Community. Coordination should not, in theory, cause any problems, since national administrations are very well represented at all levels of decision-making and implementation in the Community.

However, the Court of Auditors notes that this type of coordination is, to a large extent, a one-way process, in other words that the Member States are more concerned with adapting Community projects to fit in with their national projects than the other way round.

In practice, this inadequate coordination leads to long delays in implementing certain projects, especially when a Member State and the Community each finance part of an infrastructure. The cases quoted relate to projects in Surinam, the island of Réunion and Pakistan.

C. Coordination between the Commission and the EIB

The Court of Auditors points to numerous shortcomings in cooperation between the Commission and the EIB, at both the appraisal and the implementation stage. This problem needs to be examined in the wider context of relations between the Commission and the EIB with regard to development aid, to which the Committee on Budgetary Control will be devoting a special report.

A particularly blatant case occurred in Surinam, where the EIB wanted to hold on to its monopoly over the industrial sector. This is a wider problem: is there any justification for the EIB keeping the safest projects for itself?

D. Coordination between the Commission and the recipient States

Development aid, generally speaking, raises the problem of respect for the sovereignty of the recipient States. Leaving aside cases where aid is granted on certain conditions (e.g. STABEX), Community projects very often require the recipient State to undertake something in return, either in the reception of the aid or in the provision of the infrastructure for a project. The various rules applied by the Community lay down that aid must fit in with the development policies of the recipient States and even that these must give their consent to the programmes drawn up by the Commission. Nevertheless, the Court of Auditors notes that, in order to obtain aid, many recipient States are prepared to accept obligations that are more or less imposed on them. Before a project is put into effect, it is also important that steps be taken to make sure that the conditions and infrastructure required will be available. To this end, there needs to be a Community presence on the spot, and the part played by Commission delegations must be strengthened to that effect.

E. Lack of coordination within the Commission

The Court of Auditors also points to a few examples of administrative inefficiency as between various Commission departments. These types of shortcomings are clearly the easiest to prevent.

The Commission, being responsible for the internal organization of its departments, is in a position to prevent them but it disputes that there are any grounds for the Court of Auditors' remarks in this area, and represents the other remarks as isolated cases.

0

0 0

The work of the Court of Auditors has increased awareness of the need to improve the coordination of development aid at all levels. It would be regrettable if a difference of opinion over whether to adopt a systematic approach or a pragmatic approach to coordination were to mask the will of all the institutions - Commission, Council, Court of Auditors and Parliament - to resolve the problems in question and thus improve the effectiveness of Community development aid.

COUNCIL RESOLUTION OF 5 JUNE 1984

CO-ORDINATION OF CO-OPERATION POLICIES AND OPERATIONS WITHIN THE
COMMUNITY

The Council adopted the following Resolution which, while acknowledging the considerable progress already made as regards co-ordination, is designed to supplement previous Council Resolutions by stressing the operational aspect of co-ordination with a view to ensuring that the aid from the Community and its Member States is as effective as possible:

"The Council, having examined the Commission communication on the co-ordination of development co-operation policies and operations within the Community and the memorandum submitted on the same subject by the German government, stresses the importance of such co-ordination for the most effective possible use of aid resources in order to ensure that co-operational activities are consistent with one another and complement each other better.

The Council would point out that it has commented on this subject on several occasions during the last few years, and notes with satisfaction, as emerges clearly from the Commission communication, that Community co-ordination has developed significantly since the first Council Resolution of July 1974, both as regards the general aspects of co-operation policy, including that in international bodies, and on the level of operational co-ordination in certain aspects. In this respect it notes with particular satisfaction the development of co-financing.

The recent state of the various European economies and the present situation in which the Community and the developing countries find themselves lead the Council to attach particular importance to its previous resolutions being supplemented by the considerations below, giving greater priority to operational co-ordination.

1. The Council considers that the following principles for action should be adopted in order to strengthen operational co-ordination; these apply to all beneficiaries of Community co-operation, viz. the ACP countries, the Mediterranean countries and the non-associated developing countries.

The Council considers that the strengthening of operational co-ordination must be conceived pragmatically through the introduction of "à la carte" co-ordination on a voluntary basis, taking account of the approaches adopted by each Member State towards specific regions, countries or sectors and of local conditions.

If such an approach were adopted, the beneficiary country must be at the centre of the co-ordination process.

The Council considers that the most appropriate area for co-ordination is the sectoral policies for which the support of the Community is sought. Co-ordination must also be open to other donors, pragmatically and case by case.

It also considers that, without any necessity for making procedures more cumbersome, it is useful to strengthen active co-ordination in the operations envisaged in order to promote their consistency and complementarity.

Finally, greater recourse will be had to co-financing between Member States and the Community.

2. The Council has adopted the following operational measures aimed at improving co-ordination between the Member States and the Community under the abovementioned conditions.

(a) As regards mutual information:

- identification sheets for projects prepared by the Commission departments will be improved, employed for aid projects concerning non-associated developing countries and circulated to the Member States earlier. In the same way, the Commission will send information to Member States more frequently;
- Member States will ensure that the Commission departments are kept 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 desk officers in the Commission and their counterparts in national administrations will be intensified.

(b) As regards co-ordination on the spot:

- contacts between the Representations of the Member States in each country and Commission delegations, where they exist, will be intensified;
- a periodical report on the development of the country and on the external aid, particularly of EEC origin, received by the beneficiary country will be drawn up jointly by the Representations of the Member States on the spot which are in a position to take part and the Commission delegation (following the pattern of, and possibly supplementing, the reports produced by the economic and trade departments of those Representations);

- a more systematic exchange of information will be ensured concerning visits or mission carried out by Representatives of the Member States and of the Community in the context of their aid policies: the initiative will rest with the local representation of the Member State holding the Presidency of the Council, on information provided by the bodies responsible for these visits or missions.

(c) As regards support for sectoral policies:

- following the model of the co-ordination effected in the context of support for food strategies in those countries where such strategies are being tried out, active co-ordination can be organized, whenever possible, to support sectoral policies."

The Council requests the Commission to report to it at one of its future meetings (Development) on the implementation of this Resolution.

