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**FINAL REPORT ON THE PILOT SCHEME ON
OPERATIONAL COORDINATION
BETWEEN THE COMMUNITY AND ITS MEMBER STATES**

Proposals for consolidating and extending operational coordination

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INTRODUCTION

In its resolution of 2 December 1993 on procedures for coordination between the Community and its Member States, which were complemented by its conclusions of 6 May 1994, the Council decided to continue Community coordination on a trial basis in six countries in order to draw lessons that would help improve coordination in all developing countries which have a partnership relationship with the EC. The six countries concerned are: Bangladesh, Côte d'Ivoire (Ivory Coast), Costa Rica, Ethiopia, Mozambique and Peru.

After COREPER had approved the guidelines for the follow-up to operational coordination in the six pilot countries, the pilot scheme on operational coordination got off the ground in October 1994. In line with those guidelines the Commission submitted an interim progress report to the Council in May 1995.¹

At its meeting on 1 June 1995 the Council took cognizance of this interim report and confirmed its intention to have an in-depth discussion of the pilot scheme's results at its next meeting on the basis of the Commission's final report.

This memo was drawn up in response to the Council's request and serves a twofold purpose:

¹

Reference for this report.

(a) to examine whether the provisional conclusions drawn in the interim report are still valid in the light of the developments since May 1995, and whether they should be adjusted;

(b) table proposals for measures to be taken by the Council to:

- remedy any difficulties that have arisen in the process of strengthening coordination,
- extend the project to all developing countries which have a partnership relationship with the Community.

I. Review of the interim report's main conclusions

Note: as with the project on operational coordination, the report concerns the initial experience gathered in the context of other pilot projects on policy coordination (fight against poverty, health / AIDS). As those projects are to continue in 1996, this report confines itself to the conclusions relating to the operational coordination pilot exercise.

1. Positive results

The progress that had been made by May 1995 on strengthening operational coordination differed greatly from country to country, but a number of highly positive results can be identified:

- better mutual knowledge of support measures taken by those involved through regular information exchange and regular meetings between the representatives of the Commission and Member States active on the ground;
- in some countries, identification of duplication of effort and shortcomings in European cooperation;
- in some cases, taking of common positions by the EC and Member States in the discussions with the government concerned and other donors.

2. Difficulties and questions

A number of difficulties did hinder or even hold back the process of strengthening coordination:

- **too few staff** in the Member States' and Commission's local offices to ensure proper coordination in all key areas;
- **limited interest** among certain Member States in EC coordination;
- questions about the **role and the value of European coordination** as against coordination among all donors;
- **unsatisfactory follow-up** of operational coordination by central departments;
- uncertainty over **how the recipient country's should be involved** in the coordination.

3. Conclusions and proposals

As the interim report concludes, by and large, that the process of strengthening operational coordination has got off to a positive start, the Commission therefore proposes, with a view to capitalizing on what has been achieved, that the Council:

- confirm the importance of strengthening coordination at the level of the Community to secure the active participation of all partners;
- explicitly spell out the importance of the "European" coordination, even where effective coordination with the community of donors already takes place;
- investigate the short and medium-term scope for remedying the lack of experts in the field offices;

A series of accompanying measures was also put forward, in particular as regards improving the exchange of information between the representations on the ground and the competent authorities in Europe, promoting an exchange of experience between the delegations in the various pilot countries, and making better use of the existing dialogue machinery (in particular the EDF, ALA and MED management committees).

II. Assessment against the background of recent experience

Since the conclusions drawn in May, coordination efforts under way in all pilot countries have been actively continued.

Two conclusions can be drawn from this experience:

- positive results have been achieved given that arrangements for regular swapping of experience and regular meetings have been introduced in all pilot countries, thus enhancing the complementarity of the measures taken by the various players and in some cases fostering a common approach at macroeconomic and/or sectoral level;
- some difficulties identified in May are still to be resolved and continue to hamper the strengthening of operational coordination.

Beside these conclusions of a more general nature, there are other lessons to be drawn:

On the plus side:

- in Costa Rica, most Member States are now connected to the EC development cooperation data base, which has been expanded to encompass development cooperation operations in other countries of the region;
- in Peru, it has been decided to set up a harmonized data processing system for EC development cooperation operations, which also includes data on the running of each form of operation (programming cycle, etc.) An information brochure on the EC's role in Peru is being prepared;
- in Bangladesh, an information brochure on EC action to combat poverty is being drawn up;
- in Côte d'Ivoire, implementation of the coordination work programme set up in November 1994 has made excellent headway. At the recent coordination meetings it was confirmed that donors should afford greater support to the country's government in devising appropriate measures for all sectors of the economy

which must then form the framework for the various donors' operations. A shining example of this is the dialogue established between the donors and the Côte d'Ivoire authorities as part of preparations for the June 1995 advisory group;

- in Mozambique, a coordination work programme was approved, giving rise to regular meetings at the level of the mission heads and development cooperation experts. In June 1995, Italy and the Commission organized a conference in Mozambique on the private sector in conjunction with the World Bank, the private sector and major donors. This made a substantial contribution to reaching a consensus on the practical and operational measures required to build up a more viable private sector.
- in Ethiopia, the possibility of the European Community speaking with a single voice (e.g. in the education sector) at the general coordination meetings was considered. As part of the "Social Sector Review" coordinated by the World Bank, representatives of the Commission and the Member States agreed to form a single bloc and to carry out a common analysis.

Difficulties that cropped up:

- the lack of personnel is particularly keenly felt in the Commission delegations in Peru and Costa Rica where a sizeable investment has been made in installing a harmonized data processing system for information exchange; steps must now be taken to ensure the continuity of this important coordination instrument;
- the need to improve the "qualitative" aspects of coordination, i.e. the complementarity and effectiveness of EC's and Member States' development cooperation policies, calls for common guidelines and the setting of sectoral priorities.

III. Conclusions and proposals for the future

The experience gathered over the last 12 months shows that, even though the situation differs widely from one country to the next, progress has been made overall towards enhancing coordination.

In the six pilot countries, to differing degrees and in different ways, "phase I" of the process of strengthening coordination has by and large been carried through, i.e. putting in place a data base on EC development cooperation. In most cases the Commission delegation played a key role in this initial phase, a role warranted by the need for continuity in the management of this information tool and by the Commission's traditional role as a repository of knowledge in such matters.

Positive results have been achieved but the pilot scheme also shed light on certain difficulties which got in the way of the drive to enhance coordination.

If the European Community, which accounts for 50% of development aid, is to exert the influence it should be bringing to bear in this field it must redouble its efforts towards achieving greater coordination of development policies and action in its midst.

To achieve that goal, the strenuous efforts being made to enhance coordination should be extended to embrace all the EC's partners in the developing world and suitable measures taken to eliminate the problems pinpointed during the pilot scheme.

As for extending the intensive efforts in the field of coordination, the Commission feels that instructions should be issued soon to Commission and Member State representations in all developing countries to ensure that the resolution of 2 December 1993, along with more recent resolutions and conclusions regarding coordination and complementarity, are implemented as swiftly as possible. Since the guidelines set up for the pilot scheme have proved their worth, they should be extended, possibly with minor adjustments, to all other countries.

To capitalize on the investment that went into setting up "EC development cooperation" data bases in the pilot countries, the Commission will be examining how such data bases, wherever possible along similar lines as the existing ones, can be introduced in all its partner developing countries.

As regards measures to resolve the difficulties encountered, the Commission confirms the conclusions of the May interim report. Those conclusions should prompt the Council to:

- (i) reaffirm the importance of strengthening coordination with a view to ensuring active involvement of all the partners concerned;
- (ii) underscore the importance of coordination at European level, even where effective coordination with the donor community at large already exists, and highlight:
 - the three objectives of European coordination: **development** (effectiveness of cooperation), **consistency** (observance of decisions taken in Brussels) and **political purpose** (maximizing the influence of the EC as a whole);
 - the role of European coordination as an input into broader coordination with the community of donors;
- (iii) examine the short and longer-term scope for remedying the shortage of specialists in the local representations on the ground;
- (iv) make additional efforts to use the programming phase of Community and bilateral assistance in order to optimize the complementarity of the action and approaches of all the parties concerned.

The Council could therefore take the following measures or issue the necessary instructions to its departments so that:

- **systematic and better exchange of information** takes place between representations on the ground and the competent authorities in Europe with a view to consolidating coordination efforts at local level;
- at the level of Commission and Member State representations on the ground, progress is made in the macroeconomic and sectoral spheres - in consultation with the government of the country concerned - to set up a **common approach** on the priorities, strategies and conditions for providing assistance;

- lay down conditions applying to each country for **involving the recipient country** in the coordination process, notably via discussions on government's macroeconomic and sectoral policies which the EC wishes to support;
- make more active use of existing dialogue machinery, in particular the EDF, ALA and MED management committees, in order to make the EC's and the Member States' development cooperation strategies and operations complement each other better,² and to ensure that those strategies fit in with the common guidelines laid down by the Council ;
- set up communication channels between the Commission delegations and Member States' representations, on the one hand, and **Member States not represented in the pilot countries** (but which nonetheless finance aid projects there), on the other. Those Member States have an interest in being kept abreast of the results of operational coordination so that they can take them into account in identifying new projects in these countries.

The Commission should take the requisite measures to:

- assume responsibility for introducing and managing arrangements for information exchange between the delegations, notably for updating data on EC development cooperation;
- help produce - within the framework of the groups of experts and contacts with the management committees - guidelines for action and sectoral priorities to be followed by both Member States and the Community.

²

In keeping with the Commission's communication to the Council and Parliament of 3 May 1995 (COM(95) 160) on complementarity between the Community's development cooperation policy and the policies of Member States.

Annex I

**Sectoral priorities for operational coordination in the pilot countries and
initiation of such coordination**

Sector/area	Pilot countries ¹					
	CR	Côt	Eth	Mz ²	Per	Ban
Fight against poverty				EC	EC	EC
Health care	ES	B	IT	³	F	
Education/training	ES	F	SW		D	
Food security/agriculture	EC	D	NL	EC		
Transport/energy/communications	D		D	EC		
Macroeconomic reform		EC		EC		
SMEs					ES	
Human rights	EC					
Institutions	EC	EC				
Commodities		EC				
Environment	NL	UK				

¹ CR = Costa Rica; Côt=Côte d'Ivoire; Eth = Ethiopia; Mz=Mozambique; Per = Peru; Ban=Bangladesh

² As in Mozambique, operational coordination is not yet formalized at the level of mission heads and the tasks of initiation not yet decided as between Commission and Member States. Until this decision is taken, the Commission has put coordination in place in the sectors concerned.

³ Coordination by Switzerland (CH); the EC and Member States are taking part. Where a subject is of particular interest to the EU, the EC and Switzerland take a joint coordination initiative.