

Early experiences in programming EU aid 2014-2020

Charting the Agenda for Change

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Key messages

The programming process has so far effectively translated key principles of the Agenda for Change into practice. DEVCO Headquarters has shown determination in enforcing sector concentration, but this has raised tensions with the field.

The EEAS role in programming has been mixed. Capacity constraints, disinterest in development issues and a lack of knowledge of EC procedures explain why it has not played a more prominent role. Operations sections have undertaken the lion's share of the programming process.

There is concern that the programming process has thus far not been sufficiently participatory or informed by politically sensitive analysis. This undermines EU credibility as a reliable and efficient development partner.

About this Note

Programming of billions of euro's worth of EU development aid for the period 2014-2020 is currently underway for the two principal geographic funding instruments (the Development Cooperation Instrument (DCI) and the 11th European Development Fund (EDF)). Programming is the essential process through which the EU's recent impact-oriented development policy – the EU Agenda for Change² – is translated into practice at the country and regional levels. It is furthermore a critical test of the EU's new institutional framework, established by the Lisbon Treaty, to deliver a coherent, efficient, political and effective EU external action. The programming guidelines³ have been adapted to reflect these major changes and were sent to EU Delegations on May 2012.

¹ The authors are thankful to Andrew Sherriff and Damien Helly for their comments and inputs to this publication. The views expressed here are those of the authors only and should not be attributed to any other person or institution.

² See European Commission (2011).

³ See EC/EEAS (2012).

This Briefing Note looks at early experiences in implementing these new programming guidelines, as well as the process overall. It aims to give insight into what worked, is working or didn't work, and why, and to contribute to an on-going institutional learning process. Drawing from EU Delegations' (EUDs) and Brussels headquarters experiences, this note analyses how inter-institutional relations have affected the strategic programming process in order to answer the following questions: What have been the key drivers of the programming process so far? How do DEVCO and the EEAS operate and co-operate in the process? Does the EEAS bring added value? What aspects of the programming procedure and structures need to be considered in the next phases of programming, and what can be improved in the context of the EEAS Review?⁴? The analysis is based on the review of the programming guidelines, other documents made available to us, and a number of non-attributable interviews with relevant staff in DEVCO, the EEAS, EU Delegations, the Parliament, Council, the ACP Secretariat, and partner country government staff involved in programming⁵. Insights from this analysis are intended to usefully inform the follow-up to the EEAS Review and contribute to an on-going institutional learning process.

The Briefing Note is divided into four different sections:

- Section I reviews the most notable changes introduced in the new guidelines for the programming process;
- Section II analyses the interview results in the light of the recent EEAS Review to generate insights on institutional arrangements and the translation of Agenda for Change policy into practice from early experiences in the programming process;
- Section III focuses on the challenges observed to follow and implement the new programming guidelines;
- Section IV concludes by reflecting on the findings from the first phase of programming in the context of the on-going programming exercise and the concurrent EEAS Review process.

Box1: EDF/DCI programming 2014-2020 'by the book'

The programming process consists of two phases. In the first phase, EU Delegations take the lead in analysing the national development plan or strategy of the partner country, assessing whether it can provide the basis for the programming of EU aid⁶. This assessment considers the plan's description of the country's constraints, challenges and perspectives; the definition of development priorities and objectives; their consistency with EU development policy; and its performance assessment and monitoring framework. Following consultation with relevant stakeholders, including the partner country government, civil society organisations, member state representations, and other donors, EUDs submit a proposal for 'the overall lines of the EU response to the country context'⁷ (i.e. consisting primarily of a listing of and justification for the priority sectors selected) to the relevant desk officers in DG DEVCO and the EEAS in Brussels. Subsequently, HQ assesses the proposals and engages in dialogue with the EUDs (through Country Team Meetings and video-conferences) to ensure that EUD proposals are in line with the EU's overall external relations priorities, regional and thematic priorities and EU policy orientations, and to finalise the selection of priority sectors.

⁴ See European External Action Service (2013).

⁵ A total of 25 people were interviewed. These include 10 EUD staff (5 EDF and 5 DCI countries), including Heads of operations, Heads of political section, and staff from operational sections; 6 DEVCO representatives working on programming in thematic and geographic directorates; 2 EEAS representatives working on programming; 2 independent consultants, 1 EU Member State, 2 EP officials; 1 MEP assistant, 1 representative from the ACP Secretariat. Unfortunately no partner government official was available for an interview.

⁶ In the case of ACP countries, EUDs should further seek agreement from the partner country on whether to use the national development plan or write a separate country strategy paper (CSP). This is owing to Articles 2 and 8, Annex IV, of the Cotonou Partnership Agreement. For the DCI, EUDs need not consult the partner country on whether to write a CSP or not.

⁷ This may also take the form of a joint programming document. See Galeazzi et al (2013).

In the second phase, the EUDs, on the basis of the instructions provided jointly by the EEAS and DEVCO prepares a draft multi-annual indicative programme (MIP). The MIP should set out the proposal for the overall lines of the EU response, and should include the context and sector analysis and justification to the choice of sectors in which the EU will enact its development cooperation. The MIPs are to be approved through the EU's committee procedure, known as 'comitology',⁸ and upon the adoption of the necessary legal instruments.

1. New markers: changes to the programming guidelines

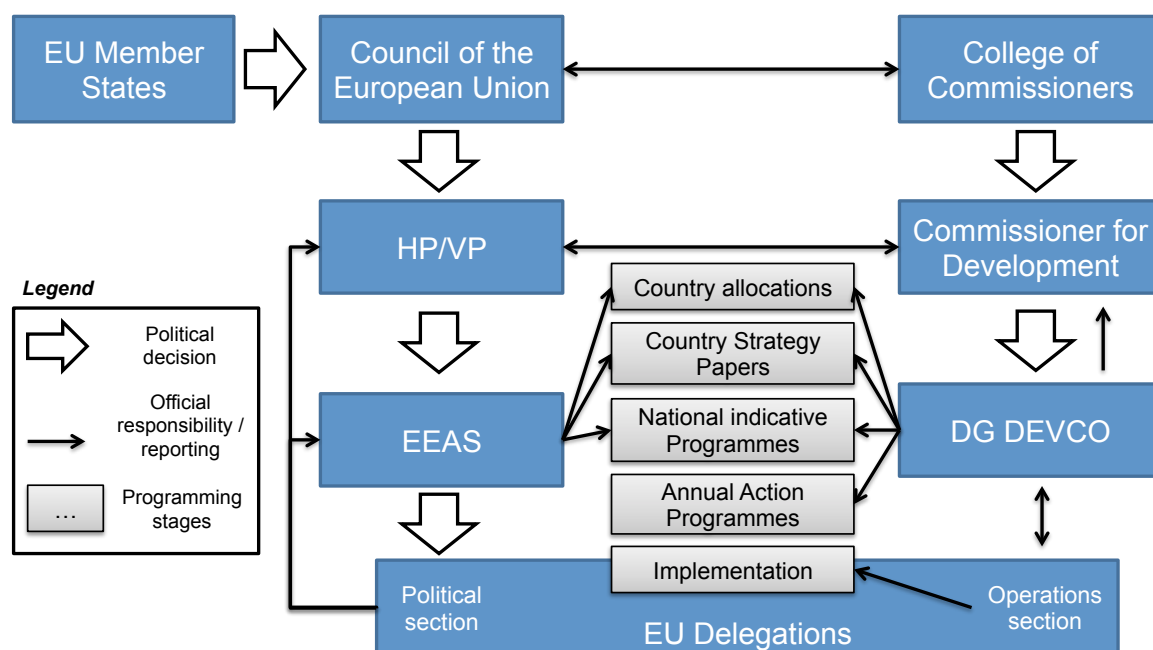
The current programming exercise for 11th EDF and DCI 2014-2020 follows instructions developed for the new budgetary period – these are set out in a process described briefly in Box 1. The guidelines were amended according to three markers, detailed below.

Marker 1 – They reflect the new post-Lisbon framework

Programming guidelines for the DCI and the 11th EDF have been adapted for the 2014-2020 budgetary period to reflect the post-Lisbon institutional framework for EU external action. Notably, EEAS plays a role in, and shares the competence of, strategic programming with DG DEVCO. While programming of development aid falls under the responsibility of the Commissioner for Development, the EEAS ensures co-leadership throughout the whole process. The EEAS is in charge of the inter-institutional coordination of EU external action (e.g. the coordination of joint missions, of joint positions, involving other relevant DGs when appropriate) and prepares the Commission Decisions relating to country and regional financial allocations together with DEVCO. Both the Development Commissioner and the HR/VP have to sign the strategic programming documents and submit them jointly to the College of Commissioners for adoption. DEVCO maintains the lead for the thematic and regional programming and is also responsible for the design of annual action programmes, their implementation and financial management.⁹ This set-up requires close cooperation and dialogue between the EU Delegations, the EEAS and DEVCO. The programming arrangement is graphically represented in Figure 1 below.

⁸ The committee procedure refers to the way the Commission exercises the implementing powers conferred on it by the EU legislator, with the assistance of committees. Simply put, the Commission's committees are dialogue forums chaired by the Commission and composed of representatives from the Member States. These Committees give an opinion on draft implementing measures proposed by the Commission before they are adopted. The European Parliament and the Council have a general right of information as regards the activities of the Committees as well as a right to scrutinize the draft implementing acts based on legislation decided jointly by the Parliament and Council. However, only the Member States have a role to play in controlling how the EC exercises its implementing powers. Member States are formally engaged in the EU aid programming process through a committee. Although the formal adoption of EU aid by Member States comes at the end of the process, Member States have significant influence on the content of EU aid programmes through their participation in the Committee.

⁹ See Seters van and Klavert (2011).

Figure 1. Overview of decision-making and reporting lines for programming in the post-Lisbon context¹⁰

Adapted from Furness, 2010, p. 14.

Marker 2 – They intend to simplify the process

Programming guidelines for the 11th EDF and the DCI have been standardised in one single set of instructions. This rationalisation has brought together two different programming cultures: the EDF's being marked by the content and spirit of the Cotonou Partnership Agreement¹¹ including multi-stakeholders dialogue and shared interests between partners; and the DCI's culture wherein EU interests and priorities are defined prior to engaging in dialogue with partners in development cooperation. The process of programming bilateral development cooperation has also been simplified. Wherever possible, the existing national and regional policy documents should be the point of departure and serve as the main basis for coordination and dialogue with EU Member States and other donors. This means that it is no longer compulsory for EUDs to prepare Country Strategy Papers (CSPs). If a national development plan or strategy does not exist or if this document is not suitable (i.e. not technically sound or totally disconnected from EU priorities), CSPs can still be used. Another element of simplification is the aim to have succinct programming documents that no longer require additional technical annexes (on the environment, migration, governance and other areas). The programming process aims therefore to be in line with aid effectiveness principles, while at the same time, it deploys fewer EUD resources.

Marker 3 – They intend to drive forward the Agenda for Change

Agenda for Change¹² is the EU's most recent aid and development effectiveness policy. It identifies the key principles that set the goalposts of EUD operations in development cooperation. These principles, together with those committed to in Busan¹³, are clearly reflected in the programming guidelines:

¹⁰ Note that the process pictured here could be amended by the outcome of discussions currently on-going on 'delegated acts', giving the European Parliament a clear role in the programming of the DCI. See Section II for further details.

¹¹ See <http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/>.

¹² See European Commission (2011).

¹³ See <http://www.oecd.org/dac/effectiveness/Busan%20partnership.pdf>.

- **Ownership and alignment.** Development is an inclusive process that brings together the national government, the parliament and other actors such as civil society, the private sector and social partners, which all play a role in domestic accountability. EU cooperation priorities should be defined in consultation with multiple stakeholders.
- **Comprehensiveness and coherence.** The instructions introduce the parallel programming of bilateral, regional and thematic instruments in line with EU's analysis of and vision on its relationship with the partner country/region. This vision should be the basis for greater coherence and complementarity at four levels (i) between country and regional programmes, (ii) between geographic and thematic programmes and instruments, (iii) between development and other crosscutting sector policies and (iv) between the policies, instruments and actions of the EU, Member States and EU development finance institutions.
- **Synchronisation and flexibility.** In order to maximise ownership, the EU's programming cycle should be synchronised, whenever possible, with the partner country/regional planning cycles. This means that EU programming for the 2014-2020 budgetary period can be divided into several stages depending on the timespan of the strategy the EU is aligning to. Furthermore, accelerated procedures can be used to adapt and respond in a timely fashion to changing contexts. The guidelines also allow for ad hoc reviews of programming including for the allocation of any un-programmed funds or the re-programming of unused funds.
- **Sector concentration.** EU development cooperation will seek to maximise impact and leverage by focusing on a maximum of three sectors per country with the exception of a fourth sector in fragile countries, and the possibility of including specific support for civil society in ACP countries. This sector rationalisation goes hand in hand with a clearer division of labour with member states present in the country. The choice of sectors should be based on the needs and development objectives of the partner country/region as defined by the EU Delegation, while giving priority to the sectors referred to in the Agenda for Change. In a nutshell, these sectors are: democracy, human rights and rule of law; social protect, health education and jobs; sustainable agriculture; energy; productive business environments and regional integration.
- **Differentiation.** One of the keys to achieving maximum impact and value for money is a differentiated approach to aid allocation and partnerships. Decisions will be based on country's development needs, with a focus on low-income, lower-middle income and fragile countries. A number of upper-middle-income and high-income countries previously funded by the DCI will no longer benefit from bilateral aid but will continue to be eligible for thematic and regional cooperation.¹⁴
- **Joint programming and coordination.** Joint programming of EU member states' development aid calls for a joint analysis and a joint response to the partner's development plans. This requires synchronising EU and MS planning cycles with those of the national/regional partner, which may require prolonging existing bilateral programmes until the new planning cycle of the partner country or region begins. During this period, the EUD should facilitate the preparatory process¹⁵. The joint programming document should include the identification of sectors of intervention, in-country division of labour and the indicative financial allocations per sector and donor.

¹⁴ See Keijzer et al. (2012).

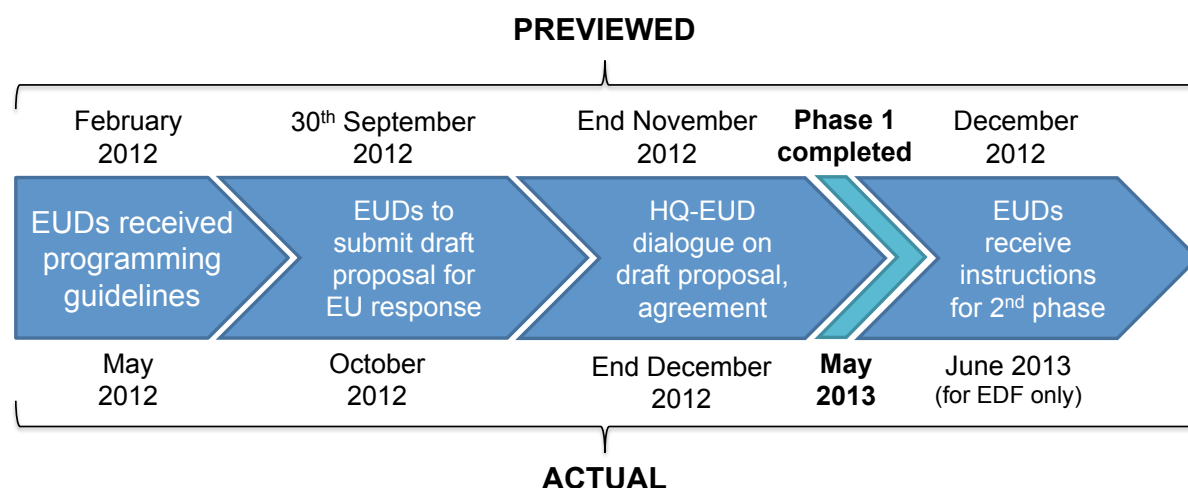
¹⁵ For a recent analysis of early experiences in joint programming, see Galeazzi et al. (2013).

2. Plotting the course: progress in translating context and policy into programming

Despite preparations for the programming process to start as early as February 2012, the first phase only formally started in May 2012 with the dissemination of the programming guidelines from HQ to the EUDs.

The first phase of programming, as described on page 2, was completed in May 2013. EUDs in ACP countries are currently drafting Multiannual Indicative Programmes (MIPs), describing and sequencing what will be done between 2014-2020 in the various sectors with the allocation received, whereas those in countries covered by the DCI are waiting for the issue of delegated acts to be resolved (see below). A detailed timeline of previewed and actual sequencing and timing of the programming process, including which stages have been completed already, is noted below in Figure 2.

Figure 2. Provisional and actual timeline of the 1st phase of the EDF/DCI programming process



Source: own design, adapted from various sources. See also

https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Policy_forum_on_development

EUDs are expected to submit the preliminary draft MIPs by the end of November 2013. This offers a timely opportunity to take stock of the state-of-play of programming. In the next sections, we provide insights based on semi-structured interviews of how EU inter-institutional relations have impacted the process.

The legislative impasse: is programming in danger of being hijacked?

The programming exercise has coincided with the drawn out negotiation of the EU budget - the multiannual financial framework (MFF) for 2014-2020. Although an overall agreement on the MFF was reached on February 2013, the legislative negotiations between the European Parliament (EP), the European Council and the European Commission (EC) have stalled. The EP would like to have a stronger say in programming processes and turn the choice of priority sectors and adoption of multi-annual programming documents into a competence of the co-legislators to be eventually given to the European Commission as 'delegated acts'.¹⁶ The Lisbon Treaty is clear in Article 209 that "the European Parliament and the Council,

¹⁶ The initial negotiating position held by the EP was to request delegated acts for each programming document under all instruments. The position has softened since, as the EP could be ready to consider a list of countries with a short description of allocations and sectors for the European Neighbourhood and Partnership Instrument (ENPI) and the DCI. Discussions have also included the proposal of whether delegated acts would only apply to the technical annexes of implementing regulations for financial instruments.

acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of development cooperation policy, which may relate to multiannual cooperation programmes with developing countries or programmes with a thematic approach". The EC and the Council maintain that a balance needs to be found between democratic oversight and operational effectiveness; as such, the Council has refused any proposal to modify the "committee procedure"¹⁷. This is perceived by the EP as an affront to its full oversight powers in EU external action domain. Both parties are at the same time concerned that a continued delay in negotiations will end up affecting their image. As a result, compromise positions are likely to be proposed and discussed in September, with negotiations on this issue hopefully concluding in October at the latest.

In response to this institutional bottleneck, DEVCO and the EEAS have developed 'mitigation measures' to counteract the risk of delaying the programming process. At the level of the EC in Brussels, priority is given to accelerating strategic dialogue with the EP and to preparing the format and the calendar for adoption of the MIPs in order to hit the ground running once agreement has been reached with the Parliament. Some respondents perceive this as an opportunity for the EC to play the 'honest broker'. In the field, EUDs have been instructed to consult partner countries and other stakeholders without delay, but on an *informal basis* and at the technical level. The latter is due to the fact that the programming process has no regulation, and therefore no formal legal basis to support it (there is no agreement on the budget funded legal instruments, i.e. the DCI) and there are only indicative figures and signs of the financial allocations made available to the various partner countries.

As noted by many interviewees, the real substance of the programming process will take place when the allocations are known and the MIPs are negotiated, at which point the programming will finally become *official* at a highest level. Interviewees expressed their concern that significant changes to the selection of sectors, which could result from official dialogue, seriously undermining EU's credibility as a dialogue partner vis-à-vis national authorities, but also Member States, especially in countries where joint programming is on-going. The delay in programming furthermore means that funds will probably be disbursed from Brussels later than foreseen (as is already likely to be the case for the 11th EDF). Several interviewees noted a risk of gaps in assistance in several countries, but the extent to which this risk is real and how many countries could be affected by it, is beyond the scope of this paper.

EEAS-DEVCO mandates in practice: plain sailing?

Programming is a shared responsibility between the EEAS and DEVCO: whereas the EEAS is tasked to lead the majority of the process, neither can act without the consent of the other, and both have clear reporting requirements to the Commissioner for Development. The EEAS and the Commission have agreed detailed working arrangements covering co-operation on instructions and management of work in EU delegations that apply, among other matters, to the programming and implementation of the EU external assistance programmes. According to the EEAS Review¹⁸, the current arrangements between the EEAS and DEVCO in terms of lead responsibility work well, mainly because of the good and close working relationships between the HR/VP and her colleagues in the Cabinet of Commissioners. However, the Review also notes that "the division of responsibilities is potentially unclear and should be clarified".

The analysis undertaken by ECDPM supports the Review's finding that these arrangements are working well, in the sense that EUDs regularly make use of the flexibility foreseen in the working arrangements between the EEAS and the Commission¹⁹ that allow Commission staff in EUD to support the political work

¹⁷ See footnote 7.

¹⁸ See European External Action Service (2013).

¹⁹ See Julian (2012).

of the EEAS. Nevertheless, there remains a significant amount of confusion as to the EEAS' role, particularly among partner countries. EEAS representatives' presence in the programming process and meetings is seen as a multiplication of the number of interlocutors, whose interests are not immediately clear. A few EUD interviewees also referred to the DEVCO-EEAS divide as "uncomfortable".

EUDs staff is generally conscious of the need to collaborate, though the coordination of human resources and their management is not optimal. One prominent reason for this, noted by interviewees in Delegations, (and also identified in the EEAS Review document), is the existence of separate communication structures. On the one hand, the EUDEL structure channels contacts between the EEAS and the Commission regarding the administration of the EEAS and DEVCO and the central services of the Commission; on the other hand, the COMDEL structure coordinates positions between the various Commission services with staff in delegations. As put in the EEAS Review "This dual system, leads to multiple debate on the same issues, delays in decision-making and can be an obstacle to direct contacts between the EEAS and Commission services with a stake in Delegations". Interviews also confirmed the excessive administrative burden of Heads of Delegations who are required to sign off minor transactions previously delegated to staff involved in the management of administrative expenditure) which was also noted in the EEAS Review.

Despite agreed working arrangements, the extent to which the EEAS has, so far, played a significant role in the programming process varies from one country to the other. Three scenarios for the EEAS-DEVCO interrelation can be distinguished from the interviews conducted:

- **The EEAS has shown leadership** and been effective at formulating priorities to shape a more politically savvy response. In such EUDs, DEVCO had to be 'brought on board' to move beyond a purely technical vision on aid. The EU has opted to engage in sectors with political significance for the wider EU foreign policy and that respond to global development challenges (e.g. energy security, counter-terrorism, fight against drugs, climate change, environmental protection...). However, and as pointed out in the EEAS Review: "following the allocation of responsibilities and resources at the creation of the EEAS, virtually all the expertise and capacity to manage the external aspects of these policies remained in the Commission services". The EEAS may therefore be unlikely to continue to have a prominent role beyond the first phase of programming due to the lack of technical expertise²⁰.
- **The EEAS has been unable to fulfil its role due to capacity constraints.** Political advisors have not yet been appointed in every Delegation and therefore most political (EEAS) sections remain under-resourced. In many EUD, the Operations (DEVCO) sections have had to undertake the lion's share of the programming process, on top of their administrative tasks, consequently putting a strain on their already stretched resources. It was reported that Operations sections had in several cases done the entirety of the writing of programming documents, on which the political section commented before submitting it to HQ. In some cases, it has been reported that programming documents completely lacked EEAS inputs. Several interviewees regarded this as proof that the separation between the Operations and the Political sections was artificial and counterproductive. Delegations with an understaffed or under-resourced Political section are likely to have difficulty effectively fulfilling a political role for the EU. At the same time, in the current EUD design, the Operations sections do not have the 'diplomatic rank' to effectively fulfil a political role, given that their natural interlocutors are technical ministries and development agencies²¹.
- **The EEAS has appeared 'detached'** from the programming process; interviewees noted that this may in part be due to the lack of experience of national diplomats with EC procedures and the

²⁰ Two EUD contacted for this study fit in this scenario.

²¹ Four EUD contacted for this study fit in this scenario.

programming culture on the one hand, and a limited expertise and interest in development cooperation on the other. This was noted to be particularly true for Delegations where the EU does not have sufficient political and strategic interest and therefore has not appointed a Head of Delegation (i.e. regionalised EUDs), or in those countries where the Head of Delegation does not see development as a priority. In such EUDs, the Operations sections had also taken the lead in (and burden of) the programming process, but struggled with the political dimension²².

EEAS interest and strategic involvement in programming seems to be more constant at HQ, where it has the lead in commenting on the response strategy proposals (and CSPs) sent by the Delegations before engaging negotiations with DEVCO and the EUDs on the proposed sectors. In this process, the EEAS-DEVCO division of roles is felt much more strongly in HQ level, with some interviewees commenting however that the EEAS' role is no different from that of previous Commission's Directorate-General RELEX.

3. Choppy waters: challenges in implementing the guidelines

Sector concentration: discarding ballast or setting too narrow a course?

Among the EU institutions, the most contested new policy orientation for the current programming process is the principle of sector concentration. There are many good reasons to enforce this choice: concentrating on a limited number of sectors helps to ensure a more strategic use of scarce resources and a 'critical mass' of funding in key sectors, therefore maximising leverage for the donor and ensuring a clear focus of expertise. It also helps to reduce the transaction costs for partner governments. The programming guidelines include a list of principles that provide a reference framework in the choice of sectors, including: an analysis of the existing national or regional development plans; the effective ownership and relevance of country sector policies and priorities; the expected results and impact; the EU priority areas of cooperation and its comparative advantage; lessons learnt, continuity and coherence with previous cycles; the capacity of the EU Delegation; coherence with other EU policies; and willingness of the government to engage in policy dialogue.

In practice, sector concentration has proven problematic in the programming process. It involves difficult choices in a context of competing interests and incentives (both between the EU institutions, between EUD and partner actors and within EUDs themselves). While the reasons for concentrating the number of sectors are recognised and the policy is generally accepted, various interviewees raised concerns that the principle of sector concentration had been enforced through a prescriptive interpretation of the Agenda for Change, particularly as regards concentrating EU aid on sectors identified as a priority by the Commissioner for Development not partner governments²³. Indeed, the trends of priority sectors emerging from the first phase of the programming process closely reflect the Agenda for Change, as noted in Box 2.

²² Two EUD contacted for this study fit in this scenario.

²³ This is particularly true for the transport sector. During the 10th EDF, transport was a priority sector for approximately 30 ACP countries. It appears however that the EC's approach to 11th EDF programming has been to explicitly disinvest from that sector in favour of sustainable agriculture, food security and energy. The reasons put forward by DEVCO is that transport investments have not always delivered swift results. On the other hand, transport and infrastructure projects and programmes may continue to be financed through regional funds and blending facilities. The nature and degree of complementarity between the EU's different instruments for development cooperation and their respective programming cycles, as well as the extent to which such policy shifts have affected the EU's relations with partner countries are notable considerations, though beyond the scope of this paper.

Box 2: Emerging trends in priority sectors

Based on the interviews held and documents analysed, several sectors recur in the (sometimes provisional) sector selections. Notably, the following sectors are particularly recurrent in specific regions:

- Sustainable rural or agricultural development and food security (in West, Central and Southern Africa and in Asia);
- Energy (in the Caribbean, West Africa, Asia and the Pacific);
- Justice, human rights, governance rule of law and security sector reform (in Asia, Latin America, West and Central Africa and the Eastern and Southern Neighbourhood);
- Economic governance and reform, diversification and public financial management (in the Caribbean and Central Africa);
- Employment and private sector development (in Latin America and the Eastern and Southern Neighbourhood).

Meanwhile, the more ‘traditional’ sectors of EU development cooperation – transport, infrastructure, health and education – are less common choices as priority sectors across the board than in the past, though they still appear with some regularity.

In December 2012, following early reports from the first stages in the programming process, the EEAS expressed, at its highest level, significant concern that sectors identified as priorities for partner countries were being excluded *a priori* based on a narrow interpretation of the Agenda for Change. In the view of the EEAS, disengaging from dialogue on a particular sector right from the start could in fact be counterproductive for EU’s other development and governance priorities. The EEAS also warned against concentrating in excess as this could limit EU’s flexibility to respond to changing priorities on the ground.

Officials in DEVCO headquarters also recognised this tension between the top-down and bottom-up logic in the programming process, which, as pointed out by one respondent, is not inherent to the EU only. According to one interviewee this tension had increased with HQ taking an active role in implementing the Agenda for Change – this requires EUDs to undergo a transition process that needs to be managed by prompting change at different levels: “Enforcing change can only be achieved through tight control from management”. During the first phase of programming, the focus of dialogue between HQ and EUD had been on restructuring priorities submitted by EUDs to better meet the priorities set by Agenda for Change. In the view of interviewees at HQ level, compromise solutions could be found in most cases, and well-documented choices by EU Delegations had been retained. They noted that some EUDs had resisted limitations to the number of sectors and contested the narrowness of the definition of a sector. In some cases, EUDs complied with the requisite of three sectors, but had defined them broadly enough to include programmes and interventions beyond the three sectors.

In contrast, at the EUD level, several respondents described the sector selection process as “most painful” and “highly unsatisfactory”. There are multiple accounts of what was perceived as prescriptive programming instructions. According to one interviewee, “a top-down imposition of sector priorities, combined with the limitation in the number of sectors, left EUDs with little choice and scope for a strategic vision”. In these cases, **headquarters was seen to have compromised the participatory commitments and dynamics of engagement made by EUDs**, imposing the Development Commissioners’ priorities regardless of country specific conditions and arguments put forward by EUDs. As a result, Delegation staff interviewed did not feel in charge of the programming process, nor that it was the result of an effective dialogue process between development partners²⁴. As put by a EUD staff member working in an operations section “the choices were made by HQ before we even started the programming process. But we still have to pretend that there is a process”.

²⁴ In two instances EUD staff was explicitly requested not to engage in discussions on priority sectors with the partner country government, and instead share its analysis of the national development plan only with headquarters.

EUDs furthermore expressed concern about the consequences of sector concentration. Several interviewees noted that **sector rationalisation meant that EUDs would lose valuable contacts in those sectors** where the EU has been active for the past years and which are to be now dropped. Also, EUD staff were concerned that concentration would lead to a focus on sectors in which the EUD has limited expertise or no track record, or where it is known that other donors have achieved no impact, to the detriment of sectors where the EC has a recognised added value. Furthermore, despite the programming guidelines stating that instruments should not be a determining factor in sector selection, several interviewees noted that **the preference for (sector) budget support had weighted heavily in the choice of sectors**, before EUD had even defined EU (sector) objectives and thoroughly assessed what is the most appropriate aid modality (or mix of aid modalities) in that particular country context. The prevailing pressure to disburse aid rapidly and ensure value for money may explain this trend.

Nonetheless, a few EUD staff interviewed spoke of smooth discussions on sector priorities. They attributed success to the longstanding tradition of productive dialogue between EUD with country actors, and to the quality of national development plans. It should also be noted that the Agenda for Change is quite broad in scope and allows for a large overlap of priorities of the EU and of partner countries. Representatives of partner countries have also noted that dialogue predictability has increased now that the EU has explicitly stated its policy priorities. Some however, would prefer to base the selection of sectors exclusively on the most recent (or even previous) national development strategy, as this is where both donors and the government have developed capacity: “development cooperation should not be carried out on a clean slate.”

To sum up, it seems that the choice of sectors has been contentious: first and mostly in countries where the EC has decided to withdraw from ‘traditional’ priority sectors (e.g. transport); second, when, due to the limitation of the number of sectors, a choice needed to be made between equally important public services (e.g. health or education); third, when pressure to align programming choices with the Agenda for Change superseded the priorities identified by the EUD, and finally when field staff had doubts about the political feasibility of interventions in sectors ‘enforced’ by HQ and felt their advice was not heard.

Three additional issues in the implementation of the programming guidelines

In addition to the tensions surrounding sector concentration, several more issues have affected the programming process. First, whereas the programming guidelines set out a clear process for the cycle, EUDs experienced **tight deadlines and unclear reporting requirements**. According to our respondents, communication from DEVCO and EEAS headquarters towards the EUDs has proven to be quite unpredictable in the first phase of programming. On the one hand, the preparation of joint instructions and feedback by the EEAS and DEVCO has contributed to delaying the process and has resulted in unrealistic deadlines, for instance with regards multi-stakeholder consultation. Several interviewees also noted that DEVCO sent additional instructions, for instance requesting EUDs to send a preliminary set of indicators for interventions in particular sectors before the selection of sectors and had even been made and objectives set. This not only departs from the joint programming guidelines, but also diverted EUD already very limited resources from conducting sector analysis and multi-stakeholder consultations.

Second, a few interviewees noted that EUDs were provided with **inadequate resources for a quality (political) analysis** of the country/regional context and systems as part of the programming process. Several respondents pointed that the programming guidelines do not have a clear grid on how to analyse the quality and credibility of the national and regional development plans. In fact, they don’t go far beyond asking EUDs to collate information from different existing reports and responding to descriptive questions. Several interviewees suggested that the prescriptive imposition of priority sectors furthermore reduces the incentive to produce an in-depth analysis of the national or regional context. This is further reinforced by

the established rotation system, meaning that some EUD staff in charge with programming feel less concerned with the political feasibility of sector priorities or implementation issues that will arise later on. The EC furthermore appears to be moving away from the emerging culture of increasingly investing in political economy analysis, as EUDs have been instructed not to engage any external political economy analysis for the moment²⁵. Recent policy-oriented research however suggests that in order to be effective, donor interventions need to be underpinned by solid and on-going context analysis of the political economy of partner countries²⁶. However, the logic of political economy analysis does not always marry well with the prevailing pressure to ‘manage for results’. Staff in Delegations generally does not yet have the adequate professional competencies and the right incentives to deliver quality political economy analysis. The question remains whether the EEAS and DEVCO can devise a human resources strategy that improves the matching between staff competencies and their mandate to conduct increasingly political work.

Third, EUDs have in most cases **not been able to ensure the full participatory intent of the programming process**. Whereas the guidelines explicitly note that “programming normally starts with the national government, national parliament, and other representative institutions taking ownership for an inclusive development process and (...) should be consulted in the process of defining the priorities to be retained in the EU programming documents”, several interviewees noted that domestic accountability actors were only marginally consulted at this stage. Several respondents had the impression that participation is somewhat part of a ‘box-ticking exercise’ in a procedure rather than a real discussion between partners on priorities and objectives.

Furthermore, the strategic involvement of civil society in programming could be undermined by the new programming guidelines. A specific allocation to support the strengthening of CSOs and local authorities is only foreseen for ACP countries, *in addition to* the maximum of three priority sectors. According to one interviewee, this policy sends two harmful messages: 1) engaging with non-state actors is only important for programmes and initiatives governed by the Cotonou Partnership Agreement, and 2) support to non-state actors is an afterthought to the EU’s response to a particular country context. Although it can be assumed that civil society will feature in governance-related sectors as well as in social services sectors, the extent to which their involvement will be mainstreamed should not be taken for granted. The continued marginalisation of CSO focal sectors within EUD and in politically relevant processes such as the programming process has already been identified as one of the key obstacles to a strategic involvement of non-state actors and local authorities in EU cooperation²⁷. This is of particular concern at a time when the EU is simultaneously endeavouring to strengthen the role and presence of civil society and local authorities²⁸.

²⁵ See Bossuyt (2013).

²⁶ See Herrero and Keijzer (2011).

²⁷ This was one of the main conclusions of the EC Evaluation on aid channelled through CSOs, published in 2009 and accessible at http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2008/1259_docs_en.htm

²⁸ See European Commission (2012 and 2013).

4. Full speed ahead? Insights from the first phase in programming

This note has set out the context of the current programming exercise, and has provided the state-of-play as well as some insights on the drivers and challenges arising in the process. Principal findings are summarised below and put in the context of the fact that the programming exercise is ongoing and offers potential follow-up to the EEAS Review.

The protracted negotiations between the European Parliament, the European Council and the European Commission on the issue of delegated acts has put the EU's external action architecture (as denoted in the Lisbon Treaty) under pressure. Whereas the full impact of the delays in programming cannot yet be assessed, many in the EEAS and DEVCO, and particularly in EU Delegations, feel uncomfortable with the informal basis of the programming process thus far (given the lack of legal basis nor clarity on the size of financial envelopes). Some are very conscious that further delays could cause gaps and shortfalls in financial assistance in some countries and further undermine EU's credibility as a reliable development partner. Nevertheless, **the programming process has thus far succeeded in enacting several key principles spelled out in the Agenda for Change**, particularly sector concentration and joint programming. Good progress has been made considering the challenges of the new policy and institutional context in which the programming exercise has taken place.

Our analysis suggests that the first phase of programming of bilateral (EDF/DCI) EU development assistance, has mainly been undertaken by the EUD Operations sections, under close direction from DG DEVCO Headquarters. It seems that the EEAS has largely remained on the sidelines of the programming process, contrary to the working arrangements defined between the European Commission and the EEAS. The young service is still defining its role in many parts of its mandate, and faces a lack of (human and financial) resources needed to effectively fulfil its political functions²⁹. At the same time, in some cases there is a perceived lack of interest by EEAS staff for engaging with development issues, or a lack of understanding in the culture and procedures of EC development programming. The working arrangements allow for EC staff in EUD's to contribute to the EEAS work; this flexibility is widely appreciated by staff, but raises questions on the pertinence, viability and efficiency of having two separate command and reporting structures. The EEAS Review document includes recommendations to act on both these shortcomings. Furthermore the fear that EEAS' involvement in programming of development assistance would orient development spending more towards short-term foreign policy interests appears unfounded at this stage.

However, there is some concern that the programming process has not been sufficiently guided or informed by an understanding of local political dynamics, or by a sound analysis of the quality and credibility of national development plans. Aside from the EEAS' capacity constraints, this could be explained by unclear guidance or limited requirements from the programming guidelines on what and how to assess political feasibility. Furthermore, DG DEVCO seems less ready to invest in political economy analysis missions. There is a risk that in so doing, a signal is sent that the EU is ready to engage in sectors without prior analysis of what is politically feasible – which in the medium term will significantly undermine the ability to achieve results.

²⁹ In this regard, the EEAS Review document recommends to enlist additional seconded experts to “raise the EEAS role and profile” by strengthening the EEAS' division in charge of coordination development cooperation– there are currently only 1.5 full-time employees working in the programming area at HQ level.

Last but not least, EU commitments to key development effectiveness principles such as country and democratic ownership (Accra, Busan), which are explicitly reflected in the EU's updated development policy, have not yet been clearly translated into the programming process. Reported instances of DEVCO HQ 'prescribing' priority sectors in the programming process have compromised the partner country's ownership over the priority areas as well as EUD leadership in facilitating the process. With few exceptions, EUDs seem to have failed thus far to convene multi-stakeholder meetings on domestic reform policy options and EU programming choices, an essential component for a participatory programming cycle.

In sum, despite delays, there has been progress in the programming over the past months. Early experiences from the first phase of programming leave little doubt that the Agenda for Change is a key driver of the process. It has provided a clear framework for the programming guidelines, and has influenced DEVCO headquarters' interactions with EU Delegations. The drive to translate the Agenda for Change as a global policy into local practice has raised some tensions between HQ and the field, a number of which are however commonplace in aid programming cycles. A question mark remains whether EUDs will be able to translate programming priorities into effective implementation strategies that contribute to country-led change if these are not sufficiently grounded on a sound understanding of country contexts, and if domestic accountability stakeholders are not meaningfully involved in programming. Finally the EU should seize the momentum generated by the EEAS Review to ensure that EU Delegations, and in particular, the Political sections develop sufficient capacity to shape a more politically informed pro-development EU external action.

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