

# DPRN thematic meeting

## report 2007

European development  
cooperation: Does more  
mean better?





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## Report of the DPRN thematic meeting 2007

### European development cooperation: Does more mean better?

#### Report by the European Centre for Development Policy Management (ECDPM)

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<b>Venue:</b>	Bonnefanten Museum, Maastricht ( <a href="http://www.bonnefanten.nl">http://www.bonnefanten.nl</a> )

### Introduction

The Development Policy Review Network (DPRN) is committed to stimulating informed debate and discussion of issues related to the formulation and implementation of development policies, in particular those related to Dutch policies and aid organisations. The DPRN promotes information exchange and dialogue between scientists, policymakers and development practitioners in the Netherlands and Belgium by creating opportunities for several kinds of development experts to meet and exchange ideas and information. Besides its other activities, the network organises yearly thematic meetings to facilitate multi-actor exchanges around key topical areas in international development. The focus of the two previous thematic meetings, of which the reports can be found on the DPRN website ([www.dprn.nl](http://www.dprn.nl)), is described below.

- In 2005, the thematic meeting focused on ‘The Millennium Development Goals as a challenge for scientists and development practitioners’. After introductions by DGIS, RAWOO and WOTRO, the DPRN Task Force presented ideas about MDG-related research strategies, while eight working groups discussed various key issues related to the strengths and weaknesses of the Dutch knowledge infrastructure as far as their contribution to achieving the MDGs is concerned. Existing funding arrangements were also discussed, with a particular focus on the role of the IS Academy and WOTRO, the tropical science division of the Netherlands Organisation for Scientific Research (NWO). The meeting resulted in a policy brief and an inventory of MDG-related expertise in the Netherlands and Belgium which was used by the Ministry of Development Cooperation and referred to at the UN conference on the MDGs in September 2005;
- The 2006 thematic meeting looked into the issue of ‘Measuring results in development cooperation’. In this context, the different actors that were present discussed a variety of viewpoints and reports relating to this topic, and in working groups looked further into the following key questions: What can be measured and how? At what levels? With what confidence? And within what timeframes? Does the emphasis on results not create a huge amount of bureaucracy? Does an

emphasis on result measurement mask the importance of the processes which actually result in development? The report of this meeting, which covers the different issues that were addressed by the participants, is available on the DPRN website.

The DPRN Task Force considered it opportune for the 2007 thematic meeting to look into the present state of affairs of European development cooperation, with a specific focus on the possible role(s) of research in further refining and implementing the commitments that have recently been made.

Since 2005, various political agreements have called for more 'Europeanisation' of the Netherlands Development Cooperation. The question is how ambitious these agreements are? Is The Hague really prepared to work through Brussels? Is the Netherlands willing to delegate some of its sectors to the European Commission (EC) and the other European member states, including those which are not so like-minded? Will the Netherlands continue its active stance in the Economic Partnership Agreement (EPA) negotiation process? In the process towards an increased division of labour and greater policy coherence as regards development, will the Netherlands choose to foster or delay further European integration?

In recent years, the European member states and institutions have made serious efforts to ensure the continuing relevance of their development policies in a globalising world, and have together championed the present aid effectiveness agenda in various multilateral forums. The fact that the EU accounts for 57% of worldwide Official Development Assistance (ODA) and 80% of the scheduled global increase in aid underlines the importance of accelerating efforts to ensure the coherence and complementarity of the Union's development policies and operations. It is with this objective in mind that the EU has taken steps at the highest political level, by adopting the European Consensus on Development and the recent voluntary Code of Conduct on its division of labour, as well as the plan to deliver 'more, faster and better' European aid. Parallel to these efforts, the EU has taken tentative steps towards following up on the EU Consensus' commitment to ensure that the Union's non-aid policies '*(...) can assist developing countries in achieving the Millennium Development Goals.*' One of these steps involves the publication later this year of the EU's first biennial report on how it has performed as regards promoting policy coherence for development in 12 policy areas determined by the EU Council in May 2005. Despite the policy progress made, ongoing processes such as the negotiation of the EPAs reflect the need for Europe to bring more community into its union.

Given that the Netherlands Ministry's Advisory Council on International Affairs has recently been asked to advise the minister on the possible implications for the Netherlands of the aforementioned progress in EU development policy, the seminar also allowed participants to exchange ideas that might complement this advice. The DPRN Task Force thus set the following two goals for this thematic meeting:

1. To share information, perceptions and experiences between interested researchers, policymakers and development practitioners concerning the present

state of affairs of European Development Cooperation.

2. To deepen the debate concerning the Dutch position on, and inputs to, European Development policy.

This document reports on this third thematic meeting, and provides an overview of the main points that emerged from the presentations and discussions. The report's structure follows that of the meeting programme (which can be found in Appendix 2), and as such comprises seven main sections.

## Morning session

### Welcome and introduction to the meeting

**Dr Jan Donner**, President of the Royal Tropical Institute and Chair of the DPRN Task Force, welcomed the participants and thanked them for travelling to Maastricht for this meeting on EU Development Cooperation. In his introduction to the various topics that would be addressed, he noted that five European monarchies had so far managed to reach the 0.7% of GDP target for Official Development Assistance, whereas Ireland would soon join this select group as the first republic. He stressed the many challenges that lay as regards coordinating the actions of the 27 different member states and wondered in this context whether there really is a need for another multilateral organisation.

He subsequently introduced the main goals of the thematic meeting and stated that, given the varied background of participants which typifies the DPRN meetings, a major part of the morning would focus on exchanging information on the development policies and operations of the European Community, whereas specific topics would be debated during the rest of the day. The participants divided into two groups and attended one of the following two parallel presentations:

<i>1: The cooperation between the EU and the countries in Africa, the Caribbean and the Pacific under the Cotonou Partnership Agreement; the 10<sup>th</sup> European Development Fund</i>	<i>2: The European Commission's cooperation with developing countries in Asia and Latin America</i>
Mr Philippe Van Damme, Deputy Head of Unit 'Aid Programming and Management', European Commission DG Development	Mr Alain Ruche, Deputy Head of Unit 'Asia, Horizontal Issues', European Commission DG External Relations

## Parallel session 1: The cooperation between the EU and the countries in Africa, the Caribbean and the Pacific under the Cotonou Partnership Agreement; the 10<sup>th</sup> European Development Fund

**Chair:** Dr Paul Engel, ECDPM Director

**Presenter:** Mr Philippe Van Damme, Deputy Head of Unit 'Aid Programming and Management', European Commission DG Development

Mr Philippe Van Damme introduced the Cotonou Partnership Agreement, as well as related agreements regarding the 10<sup>th</sup> European Development Fund (EDF), and described the EU decision-making process regarding the EDF in the context of the 2007–2013 Financial Perspectives. He described the changes in the legal basis for the EDF that were decided in 2005, and noted the agreement's changes in relation to political dialogue, regional cooperation with non-ACP countries, the cooperation with non-state actors, the strategic role of the NAO and the flexibility as regards increasing allocation in the event of special needs.

Major changes for the EDF's financial framework were decided upon at the ACP-EC Council in June 2006 and concerned (1) the introduction of a single envelope for national and regional programming; (2) another envelope dedicated to intra-ACP programming; and (3) the decision to no longer transfer decommitments from previous EDFs to the new fund.<sup>1</sup> In addition to this third aspect, the member states decided to de-block the funds for the 9<sup>th</sup> EDF for the first few months of 2008. In line with the agreement by the member states in the EU Council, it is now also possible for member states and the European Commission to co-finance each other's aid programmes.

The programming of the intra-ACP envelope should be guided by the principles of subsidiary and complementarity. Furthermore, it was decided that the projects should be presented to the EDF Committee in the form of annual action plans whereas, previously, each activity was presented separately. Several concentric circles of coordination are important in this respect (partner country, member states, other donors and non-state actors), throughout all phases of the project cycle. Key elements in this aid effectiveness agenda concern:

- Ownership, coordination and alignment;
- Concentration and division of labour via joint programming by all involved actors, including joint analysis and the elaboration of joint response strategies;
- Increasing the predictability of aid by standardised, objective and transparent aid allocation;
- Management for development results by focusing more on results than on preconditions for support, and by aligning with existing PRSP indicators; and

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<sup>1</sup> For more information on the programming of development assistance in the context of the ACP-EU partnership, please visit this website:

[http://ec.europa.eu/development/How/Methodologies/Programming\\_en.cfm](http://ec.europa.eu/development/How/Methodologies/Programming_en.cfm)

- Mutual accountability, which is essential for an effective partnership. In this context it is important that both partners deliver what has been agreed upon and report on what is being done and is to be done in an accessible and transparent manner.

The aid allocation criteria that were used included a balanced approach between needs and performance, a strong MDG focus and particular attention for countries that are in crisis, in conflict or disaster-prone. Furthermore, the allocation is based on a two-phased approach with the initial allocation being based on quantitative criteria and the second part being an incentive tranche based on relevance, ambition and credibility of a 'governance plan of action'.

A number of issues were discussed regarding the results of the programming. It was found that non-state actors were not always consulted at an early stage, and NGOs criticised the structuring of the consultations. The joint programming is considered successful as far as the analysis is concerned, but the joint response is seen as having produced mixed results. This highlights the need for further improvement of the division of labour. This is a process of change that is not going to happen overnight. The increased concentration of aid is also part of the strategy to make aid more effective, and it was argued that the targeted sectors comprise a coherent pattern: water and electricity projects are systematically prioritised and regional matters such as environmental issues and infrastructure are attended to in a more holistic manner. More does not mean better, Mr Van Damme concluded, stressing that the aim should not be to do more but to do better. The focus as such should be on moving from improved efficiency towards improved effectiveness.

## Parallel session 2: The European Commission's cooperation with developing countries in Asia and Latin America

**Chair:** Dr Jan Donner, KIT

**Presenter:** Mr Alain Ruche, Deputy Head of Unit 'Asia, Horizontal Issues', European Commission DG External Relations

Mr Alain Ruche introduced the evolving global context for developing cooperation, and described the strong involvement of the EU in driving the international development cooperation agenda. Parallel to the strengthening of the political momentum for EU development cooperation through the adoption of the EU Consensus on Development, the European Commission reformed its external assistance to increase its orientation towards results, de-concentrated many of its operations to towards the EC Delegations in the field, and further untied its aid.

A key feature in this process of reform was the creation of the new Development Cooperation Instrument (DCI), as well as the Instrument for Stability (IfS) and the Instrument for Human Rights and democracy (EIDHR). The creation of these instruments was accompanied by the simplification of a total of 35 regulations. The

reform also aimed to enable the Commission to make better use of its added value: its 'soft power', its large ODA volume, value-driven approach, and regional integration experience.

The main objective of the DCI is poverty eradication in the context of the MDGs, following a differentiated and flexible approach. Such flexibility is needed given the enormous diversity between partner countries, as well as in the relation of the EC with these countries (e.g. China and Bhutan). Areas of cooperation are prioritised in the context of the Country Strategy Papers (CSPs), besides thematic programmes on migration, environment/energy, investing in people, food security and non-state actors/local authorities. Working with civil society is now a principle on which cooperation is based with real emphasis being put on cross-cutting issues including gender.

In the context of the DCI, the EC has just issued the Country Strategy Papers (and one regional paper) for the period 2007–2013 as well as the first Multi-annual Indicative Programme (MIP), which has increased the predictability to EC assistance. These documents have also been discussed with the European Parliament in the context of the Democratic Scrutiny Dialogue. The 2007 Annual Action Programmes are also going to help prepare for the implementation of the EC's assistance during this new period.

Mr Ruche introduced a number of different issues which he proposed for further discussion:

- Do these trends indicate a further blurring of the lines between domestic and external policies?
- Should the ACP and ALA countries not be integrated further? The EC's preference has been to incorporate the ACP countries into the DCI instrument;
- How do participants perceive the move from financial assistance towards more policy dialogue in a number of countries? Mr Ruche argued that, in a country such as China, with 130 million migrants living in urban areas, there are huge opportunities for investing in policy dialogue;
- In the case of a lot of developing countries in the Asian and Latin American regions, poverty is not going to remain the central issue. Instead, the focus is going to move towards inequality and social cohesion;
- In strong emerging economies such as Brazil and India, it should also be possible to move from development cooperation to a cooperation based on mutual interests, which would also cater for the promotion of EU interests.
- How can the cooperation with Civil Society Organisations, political parties and think tanks be strengthened further?

- How will the EU position itself in the future regarding its external policies, with particular reference to increased South–South learning (the Brazil–India–Russia–China (BRIC) dialogue, for example) and a possible new EU treaty?

Following the presentation, one participant argued that the earlier situation of doing business with 15 EU member states has evolved into a situation where there is now a village of member states. In the past, when there were fifteen, it was already clear in some countries that projects were in competition with each other while, in the case of the partner countries, they did not really know what to do and who to trust. Is this still the case?

In response, Mr Ruche described how the use of the budget support modality allows for a more constructive policy dialogue with the ministries in the partner countries. Furthermore, it is key to strengthening the EU's internal cooperation and integration with division of labour, concentration and coherence as key words. Improvements are being made both because and in spite of the member states.

Some comments were made regarding the difficulties of dealing with the EC bureaucracies in the context of EC-funded projects. The debate focused on whether the EC works as an umbrella for the 27 member states, or behaves more like country number 28.

In response to these points, Mr Ruche argued that a lot of the EC's procedures are defined by the member states, not by the EC. The EC's external assistance has a clear added value and delivers results on the ground. The new reform treaty defines development cooperation as a shared competence between the member states and the European Commission, under the principle of subsidiarity. As regards coordination, it seems that member states are sometimes more hesitant than the EC.

While noting the increased attention to governance, participants gave some examples of aid projects that were being delayed considerably through procedural matters, and it was argued that progress was not often seen on the ground. One participant further noted that the EC was good when it comes to formulating policies, but less so in translating them into practice. The project cycle model is a blueprint approach which leaves little room for participation by involved stakeholders. In this context, it seems that the EC prefers to work more with government than with other actors. An example from Colombia was shared, where the project had to be adapted to this blueprint approach. It was argued that it was absolutely necessary to include non–state actors in the dialogue.

Mr Ruche recognised that the cooperation with civil society is still a weak point and that the EC needs to improve the consultation process to involve them in a more strategic manner. He also argued that the EC's work at the higher level also requires intensive dialogue with the government, as there was much to be gained at that level. If policy influence were to be achieved, it would for instance be possible to influence the situation in all schools, not just in one of them.

## Plenary session 1: EuropeAid's mandate, role and the ongoing reform of EC development cooperation instruments

- Chair:** Dr Jan Donner, KIT
- Presenter:** Mr Koos Richelle, Director-General EuropeAid Cooperation Office
- First discussant:** Dr Wil Hout, Dean, Institute of Social Studies
- Second discussant:** Dr Ibrahim Khadar, Technical Centre for Agriculture and Rural Cooperation ACP-EU

Mr Koos Richelle began his presentation by introducing the UN Millennium Declaration, the Paris Declaration on Aid Effectiveness and the EU Consensus on Development, and concluded that the EU had decided what needed to be done on three different occasions. These new commitments are now in the process of being translated into practice. In the context of the European Commission, ten new development cooperation instruments have been put in place to replace thirty-five old ones. The need to increase the EU's development effectiveness is clear from the volume of its development assistance, with 28 donors responsible for 57% percent of development assistance. The EC used to be the third European donor in terms of size, but has dropped to sixth place in two years. EuropeAid Cooperation Office presently manages 63% of all the external aid that is provided by the EC, which in total comprises 10% of the Community budget.

In the European Commission, the DGs for Development and External Relations are responsible for the programming of the EC's development cooperation. When ready, they give an 'order of service' to EuropeAid, which is responsible for the implementation of the programmed aid. Given this split, interesting communication issues may sometimes occur. The situation has improved in terms of efficiency and effectiveness with a lot of legislation having been thrown out, but there are still around 3,500 people in Brussels and the Delegations who work on development. Given the EC's procedures and the fact that it belongs to the medium-sized donors in terms of staffing, the increasing use of the budget support modality is important for the efficiency of its aid delivery.

In this context, the EC has tight delivering procedures: development aid has to be planned within one year, after which it has to be spent within a period of three years, otherwise it is lost. This creates an enormous pressure of time. The European Commission has untied a lot of its aid, and is continuing this process in coordination with other donors in different regions.

Mr Richelle stressed the need to 'stop making donor land into Disneyland', and to invest in dialogue with the partner countries in order to really work together with developing countries. He also argued that, as policy is not equal to law, promises can be made in the EU context, but that what is done is each party's individual responsibility. Furthermore, as policy agreements are made at a high and abstract level, they are susceptible to multiple interpretations. Policymakers in the EU

member states can only be held accountable by their own member states, while the European Commission is under democratic scrutiny by the European Parliament.

The current efforts to improve the EU's complementarity and division of labour should also reflect on whether a situation in which there are 28 donors is still acceptable, or whether, by contrast, there is a need for a European World Bank? The situation also changes because new MPs are elected every four years. Integration is therefore likely to take a long time and its success depends on whether the EU or the developing countries have the patience to wait.

It can also be argued that there is no common agreed yardstick for the success of development cooperation. Jeffrey Sachs started with a 'fundamentalist' interpretation of MDGs: schools mattered, not the roads to the schools. Moreover, there was initially a considerable focus on input: countries had to spend 0.7% of their gross national income to Official Development Assistance (ODA), no matter how they do it. In the EU context, the promised increases will mean that an additional 25 billion euros is going to be spent per year until 2010, with 80% of this increase being covered by the member states. This means that inexperienced donors or donors with small budgets will have to make radical changes.

According to Mr Richelle, despite the terminology that is used in the development sector, development is not a business but still primarily a political enterprise. Given this political character, it is also clear that risk taking is not at all popular in development cooperation. On the contrary, the message is often that it is crucial to account for every euro spent. This creates difficulties when providing aid in the context of fragile environments such as in the Democratic Republic of the Congo, where the donors do not coordinate and seem to lack agreement on what really needs to be done. In Haiti, interesting experiences have been acquired with the use of emergency budget support as a means to conflict prevention.

In the process of increasing the effectiveness and integration of EU development cooperation, it is necessary to get the facts and figures on the table. Having these figures greatly facilitates the EU's policy dialogue, and makes it very clear what is labelled as development money by the European Commission and the member states.

Situations are conceivable in which the top donors in a country account for more than 70% of all the aid to that country and form a 'lead consortium' which is able to speak with one voice to the partner country government on behalf of other interested donors on issues from Poverty Reduction Strategy Papers (PRSP) to accountability. This would take away the need for individual donors' dialogues with the government, and ought to reduce transaction costs given that the consortium could handle other donors' funds. Consequently, other donors could redistribute staff to countries in which they are in a consortium.

On the European side, the 'comitology' procedure, according to which all projects need to be presented by the European Commission to the member states, has been

simplified as no projects had been rejected by the member states for three years. The procedure has been simplified to form a system of project fiches, with discussions in the member state group now focusing on countries and no longer on individual projects. Furthermore, the European Commission is now able to co-finance programmes of other donors and vice versa. To facilitate additional integration and aid effectiveness, EC-delegations now have to write reports each year on what is being done in each country in terms of harmonisation and alignment.

In response to Mr Richelle's presentation, Dr Wil Hout noted that a tension is noticeable between multilateralism and bilateralism in the context of the EU, as well as in the global context. He noted that Mr Richelle had a very committed position on EU development assistance, but wondered whether assuming that the EU member states would give up much of their say would not amount to wishful thinking, given the present euroscepticism in some countries. Would these countries not refuse further Europeanisation? Furthermore, Dr Hout noted that there is a need at national level to forge legitimacy and support for development cooperation, a need which could also create tension with further Europeanisation of development cooperation.

Dr Ibrahim Khadar agreed with Dr Hout's comments and argued that all changes are affected by problems of diverging interests. The focus should therefore be on what can be done to make the change work. He described a range of Information Technology tools that are becoming increasingly available in developing countries, as these countries are becoming more and more connected. These tools may also change the way in which policies are implemented, so this flexibility needs to be explored in greater detail. Dr Khadar also emphasised the need for institutional development support. Overheads should be used to maintain what already exists and it is crucial that there is institutional capacity to find out about the envisaged output and outcome, as well as the capacity to measure impact. This responsibility should not be left to external consultants who come and go.

In response to Dr Hout's comments, Mr Richelle clarified that he wouldn't propose to the 27 member states that they leave everything to Brussels. This would also be contrary to all existing treaties. He commented on the fact that it is very difficult at a political level to justify withdrawing from a developing country. However, co-financing enables member states to keep a presence in the country while not managing individual programmes. The Netherlands, UK, Belgium and Sweden are presently exploring this possibility.

Further progress at global level would also depend on whether the US and China are going to continue working in the way they do, regardless of the EU's efforts. Progress at global level will depend most on the member states, who are members of the UN and the World Bank. In these contexts, the EC is often placed between the NGOs. The EU is clearly seen as a big power, but its power depends on what the member states want it to do.

According to Mr Richelle, it can be argued that ownership is currently a myth in many partner countries. Parliamentarians, for instance, have very little awareness of what a

PRSP is. In quite a lot of cases, the PRSP can be described as the best kept secret between donors, the prime minister and the minister of finance. Information and Communications Technology (ICT) should be promoted further, but donors currently pay little attention to what is already in place. Furthermore, there is often little interest in further development in the absence of a market.

Regarding institutional development, a lot of technical assistance is presently spent on capacity development in a highly inefficient way. The same applies to the 2 billion that the EU has committed to trade-related development assistance. Presently, it is possible to find four technical assistants in one ministry of trade who respond to four different lines of command. If there is one area on which attention should really be focused, it is capacity development. Billions are allocated to this area every year, but without many visible results.

Participants provided a number of additional comments and questions:

- It appears that, for a number of years now, the PRSPs have not really been improved very much at all. The question is whether, in the case of fragile states, it is at all likely that donors would collaborate more intensively if such improvements were made?
- The question was asked as to why the partner countries would accept all these donors spread all over the place? The Dutch were quite shocked to be kicked out by India a few years ago.
- In the context of EC appraisals and calls for proposals it was found that, whereas there was initially an increase of transparency, the process became more vague later on as a result of the simplification of the procedures. The appraisal grid is actually quite vague, but it appears mainly to receive credit for the relative speed of the appraisal process of which it is part.
- EuropeAid should perhaps be more open towards new member states. Will the fact that each EuropeAid official is personally accountable not undermine cooperation? EuropeAid officials should be enabled to discuss issues more openly without being held personally accountable. Furthermore, would budget support to a certain extent not be preferable only for helping to disburse the money in an easy way?
- NGOs rarely ask the Ministry of Foreign Affairs to work in the context of the Paris Declaration. NGOs/think tanks need to push this issue more from all sides.
- Whereas Dr Hout highlighted some challenges regarding the division of labour, it should also be noted that there are also good signs, as well as some movement towards improving European cooperation in the field of development cooperation. There is now a need for a strong and clear political commitment.

Responding to these comments and questions, Mr Richelle first of all mentioned that the EC is preparing another communication for the Portuguese presidency, which will

be similar to earlier communications on this issue. Working in fragile states is between long term development and emergency relief, making it quite difficult. Institutional development is nice, but you can't live in policies, you need a house. People in fragile states can become more optimistic if you build up physical and visible things, which helps restore the legitimacy of the government.

As regards the question of why recipient countries are rejecting donors, it can be argued that there is often insufficient political will on the part of the recipient countries. There is also a lack of awareness among government officials in recipient countries on how many projects are being managed. In addition, donor money is seldom refused. While using budget support, the European Commission can engage with these countries through policy dialogue, although some countries are opposed to this, with Kenya and Nigeria even officially being opposed to budget support. However, visible and positive results of this dialogue can be seen in countries such as Ethiopia and Uganda.

Mr Richelle also explained that the European Commission has made its system for proposals and appraisals more flexible, but acknowledged that its indicators have become less clear as a result. The current system is quite free since anyone who comes up with an idea can propose it. This makes it difficult to ensure focus and the selection of the most relevant programmes, and given that this lack of focus may be difficult to accept for politicians there may be a need for more directives to EuropeAid on the appraisal system. It will not be possible to develop a grid that produces a result that is acceptable to everyone, so the EC is putting its trust in an evaluation committee. A change was made from using two external evaluators to one person from the Delegation, plus one external consultant. In case of disagreement, a second consultant is brought in. EuropeAid loses three court cases of the thousand cases that are made every year. Hundreds of court cases are currently open, but recent history has shown that in 50% of which there is often no case at all.

Mr Richelle put forward that it can indeed be argued that the European Commission is rigid, but also that it is the most accountable institution in the world of multilaterals. The anti-fraud office, member states, and the European Parliament all control the Commission. EuropeAid aims to improve cooperation with the member states, including the New European Member States that joined in 2004 and 2007. However, due to regulations, EuropeAid is unable to spend money directly in Europe. For example, EuropeAid was unable to help new member states to set up their aid administrations and had to ask the Canadians to do this instead.

As far as budget support is concerned, it is alleged that the EC's view on budget support is that you need two officials to open the window and a third one to flush the money out. But the EC uses it mainly because it facilitates a full dialogue in which partner countries have to propose indicators on what they want to make progress. Joint decisions are then made regarding the tranches, which are disbursed following the policy dialogue.

The appeal for NGOs to cooperate in the Paris Declaration is important, as this would also increase accountability to parliament for the activities carried out. Mr Richelle argued that this will be more difficult if NGOs continue 'leapfrogging' around the world doing good things. NGOs should also coordinate and align themselves with country priorities, and know what others are doing.

Regarding the need for political commitment, it is important to recognise that most new ministers start out with an attitude of 'what was done wasn't enough, it needs to change'. The situation is complicated further because now they should also be told that they need to align to partner country ownership. Politicians are therefore being asked to become altruists, while it is awkward for a politician to become one. They first need to be informed and convinced about what was previously committed to in the context of international agreements.

The UN agencies are also trying to continue integrating development cooperation policies and operations. Eight 'one-UN' pilot projects are currently in progress and are encountering problems precisely because of the UN member states. On the one hand, the UN agencies have to work as 'one-UN' while, on the other, there is a need for the individual agencies to promote themselves. Some donors are increasing the pressure on the UN to reform, such as DfID which from now on will only fund the UN when it works as one.

Mr Richelle closed this session by underlining once more that the only way forward would be to demystify and make statistics available that will keep governments accountable.

## Plenary session 2: The EU's effort to promote Policy Coherence for Development

<b>Chair:</b>	Dr Jan Donner, KIT
<b>Presenter:</b>	Ms Françoise Moreau, Head of Unit 'Forward Looking Studies and Policy Coherence for Development', DG Development
<b>First discussant:</b>	Ms Else Boonstra, Evert Vermeer Foundation, EU Coherence Programme
<b>Second discussant:</b>	Ms Louise van Schaik, Clingendael European Studies Programme
<b>Third discussant:</b>	Dr James Mackie, European Centre for Development Policy Management

Ms Françoise Moreau began her presentation by introducing the recently adopted EU report on Policy Coherence for Development (PCD) in the context of the EU level agreements relating to development cooperation. In relation to the concept of PCD, which was launched at the European level by the EC in the context of its 'MDG package', four different processes can be distinguished:

- Building synergies between the different (internal and external) policies;
- Increasing the effectiveness of aid;
- Correcting incoherencies; and
- Maximising the positive impact of other EU policies.

In May 2005, the European Union adopted 12 areas of PCD which were also included in the EU Consensus on Development that was agreed later that year. As a result of additional decisions taken at EU Council level, three mechanisms are currently supporting the EU in its continued promotion of PCD, namely (1) the informal PCD network, (2) the EU PCD Rolling Work Programme, and (3) the Biennial EU PCD report.

Before focusing in more detail on a selection of the 12 areas covered by the report, Ms Moreau addressed the report's assessment of the present EU institutional mechanisms for PCD. Although a lot of mechanisms have now been put in place, there is often a lack of capacity and the level of awareness about PCD in non-development departments is low. The overall perception of the respondents to the survey, which was carried out in January 2007 as the basis for the report's assessment, was that PCD progresses better at EU level than at national level. Conflicting political priorities and different interests within and among developing countries were identified as key obstacles for PCD.

Ms Moreau presented the main findings of the report for a small selection of areas. The EU has taken a lot of initiatives to facilitate the developing countries' integration into the world economy and also assists them to increase their trade with the EU by providing 'aid for trade' as well as by simplifying and increasing the transparency of the Preferential Rules of Origin.

As regards migration, the report concludes that the policy frameworks have not yet been translated into concrete decisions and action by the EU. Concrete measures to be taken by the EU could include making remittances cheaper and easier, facilitating cooperation with diasporas, and turning brain drain into gain. The draft EC regulation for a 'blue card' may also represent a step forward in this regard.

On the subject of research, Ms Moreau mentioned that the 7<sup>th</sup> Research Framework programme has been opened up to all countries. While this is good in principle, it also means that researchers from countries such as Mali or Zambia are now in direct competition for funding with the Japanese or Americans. DG Development is in contact with DG Research on how the possible negative effects can be countered. Different options are being explored such as specific programmes to target researchers in developing countries. Furthermore, the European Commission has a funding system to help researchers launch their own research activities once they return to their countries of origin.

The report found that all policy areas of the EU have an effect on developing countries and recommends that all sensitive areas be balanced out and that the concerns of developing country be taken into account. Ms Moreau added that the

process of elaborating the report itself helped different government departments in the member states to discuss development cooperation and the impact of their policies on development. This proved to be a useful and innovative process for a lot of member states.

Ms Moreau concluded by emphasising the importance of continuing to strengthen dialogue on the full range of EU policies. In addition, it would also be important for developing countries to reflect on PCD in the context of their own domestic policies.

Following the presentation, Ms Else Boonstra responded by commending the European Commission for publishing this report, which she found to be informative, detailed and useful. The prospect of a second report two years from now would make it possible to track progress over time. Ms Boonstra emphasised the importance of political will and leadership, as repeated commitments are absolutely essential. The low weight of development in the balance of power is also an obstacle for the further promotion of PCD. The report highlights the fact that EU processes are more conducive to the promotion of PCD than processes in the member states, according to the member states' own assessment. The exclusive competence of the European Commission in some policy areas also shows that the EC needs to play a leading role during the process.

A couple of member states are worried about the Community trade commitments, especially with regard to the effects on their own economies. However, the long-term advantages are much better for the EU and, as such, it is important for the European Commission to push the member states in this respect. As regards methodology, Ms Boonstra noted that the report was largely based on the results of a questionnaire carried out among the member states. Although progress on fisheries was rated well above average in the report, ten member states did not provide an answer to this question in the questionnaire. It would therefore be interesting to establish which member states had not responded on this. She referred to a recent article which mentioned that six member states had, to date, failed to report to the EC on Tuna fishing.

Ms Louise van Schaik commented on the presentation from the perspective of EU policymaking processes. She highlighted some findings from a report by the Centre for European Policy Studies (CEPS) on these processes, which looked into whether these policymaking processes take developing countries' interests into account. There is always a choice as to how the work between the involved actors is to be divided, and how it can be ensured that the available evidence is taken into account. There will always be a trade off. Not all institutions are involved in the same way, but the European Council is always involved. PCD is very difficult to implement, but the question is how something can be done about this to ensure that development interests feature in non-development decisions? What is clear from the CEPS report is that when the battle is lost in the European Commission, it will be very difficult to do anything about it in the EU Council.

Responding as the last discussant during this session, Dr James Mackie mentioned that the EU PCD report should be considered a milestone. Dr Mackie noted that the report was detailed and complete, but argued that it is necessary to think in more dynamic terms if PCD is to be promoted further. It is clear that there are huge variations in how PCD is promoted in EU member states and that, whereas it is fair that most work is done at EU level, that work should be based on what happens at national level. The report contains useful lessons to be learned and these should be discussed in more detail in these contexts. Whereas it is clear that political will is important, what is missing in the report is a strategy on how this political will is going to be built up and maintained over time. This may perhaps feature in the Council's response to the document. Dr Mackie referred to Mr Richelle's comment that political will is often a cyclical process and argued that, in the context of promoting PCD, it may be necessary to think in cycles as long as 15 years.

### Plenary session 3: The Economic Partnership Agreements: issues and prospects

**Chair:** Dr Paul Engel, ECDPM Director

**Presenter:** Dr San Bilal, Programme Coordinator of the Economic and Trade Cooperation Programme, ECDPM

**Discussant:** Mr H.E. Patrick I. Gomes, Ambassador of Guyana to the European Union

Dr San Bilal started his presentation by inviting participants to step back from the current process in which everyone is rushing to conclude Economic Partnership Agreements (EPAs) and take a look at the original ambitions. The idea for the EPAs originated in the European Commission in 1996, based on the idea that development assistance alone would not be enough to lift ACP countries out of poverty. The Cotonou Partnership Agreement is, in principle, a great tool to work in a holistic manner by bringing together trade, development cooperation and political dialogue.

There was also a second, more pragmatic reason in favour of the EPAs, namely that the system of preferences were no longer in accordance with WTO rules and that the waiver for this had ended. The probability of a new waiver is close to zero because some countries have mentioned that they would oppose it and unanimity is needed for WTO waivers to be put in place.

However, the ACP countries did not buy into the reasons, and tried to get away from the process. The key issues for the ACP countries should be what kind of EPA they would want and what purpose(s) the EPAs should have in the context of their development. In a lot of ACP countries, there is no true clear vision on this issue. In some respects the negotiations may have been useful in stimulating countries to be clear about their agendas. Each single ACP country is primarily concerned with its own development, and regionalisation is only seen as a means of achieving this goal.

The question is therefore how ACP economies can be transformed with so little ownership on their side.

In this situation, the risk is that of losing vision and ending up with the Europeans selling the ACP countries a kind of framework. The ACP countries in turn only feel pressed to sign in order not to lose trade preferences, while being threatened to sign because of that. In the end, however, EPAs are supposed to be about development, not just about preferences. Now, it has been reduced to 'just sign this and you'll get a transition period to adapt to this framework'. As such, it appears to resemble the Washington consensus process.

Against this backdrop, the relations between the European Commission and the ACP countries suffered a deterioration which was also fuelled by a number of incidents, for example with respect to the references to West Africa in a text which the Pacific received from the European Commission. Despite the huge amount of attention paid to the negotiation deadline and the lack of ownership of the EPA agenda in most ACP regions – especially at national level – questions remain regarding why the ACP acted as slowly as they did and, for instance, waited until 2007 to start make a decision on sensitive products.

In response to Dr Bilal's presentation, Ambassador P.I. Gomes reacted by stressing the Europeans' dishonesty. The fact that the trade and development pillar of Cotonou has been reduced to trade, and subsequently made subject to a WTO deadline, means there is a need to avoid false dichotomies. EPAs must be development-driven, as stated unambiguously in the Cotonou agreement. In 2007, however, the Europeans suddenly started referring to 'lazy ACP people'. This is borne out by the Fishery Partnership Agreements which included intentions but were hampered by a lack of political will to find out how these intentions can be implemented in the 78 ACP countries. It is possible to cut and paste West Africa to the Pacific, but it is also very instructive to show how a 'one size fits all' approach is being used all over the place. The European Commission spent three years preparing terms of references for consultants on regulatory matters, without paying any attention to trade. Any sudden shift from intentions to action reduces the impact of regulations considerably.

The Ambassador also questioned how the ACP would be able to transform economies without innovation. At the Hong Kong WTO meeting it was, for example, agreed that small vulnerable economies would receive more attention. A different approach is therefore required as well as an alternative conceptualisation as to how we think trade should lead to development.

Following the presentation by Dr Bilal and the reaction from Ambassador Gomes, the other participants made remarks and posed questions as follows:

- The origin of the EPAs were the disappointing results of the Lomé unilateral preferences. A lot of time has indeed been lost, but much of what Ambassador Gomes mentioned concerns domestic issues which are not part of the

negotiations. The EC provided the means for a large negotiation programme in order to identify the key issues regarding how to integrate trade and development. The debate has, however, fallen on deaf ears.

- The most important issue relating to the EPAs is that people are still running to the deadline. The NGOs' main message is to take the pressure off the EPA negotiations right now.
- Why have the ACP countries not managed to tackle the transfer of technology? Did the ACP do their homework badly and then try to shift the blame?

In response to the questions, Ambassador Gomes asked what the nature of the relationship between the countries should be like. Between 1979 and 1983, the University of Sussex was able to do research on technology. We have to look at this on a case-by-case basis and adopt a phased approach. Europe's development did not come overnight either. The focus should not be on the time needed, but rather on the substance that needs to be in place.

Dr Bilal added that he did not know why an EPA was needed to address supply side constraints, as this can be done by development assistance only. At the national ACP level, no calls are being made to use the EPAs as an opportunity to transform. There is also a strong dichotomy between what happens at regional and national levels. All the actors involved are presently captured entirely by the deadline. If there were a few more months needed for making really good agreements, then a technical solution should definitely be found. Alternatively, a region could sign a document relating to the trade on goods and then continue negotiating. As far as the ACP countries are concerned, the issue is straightforward, "If we're being helped with supply side constraints, then we will move further on this, but if this is not clear, we will be defensive." It also seems plausible that a WTO waiver could be signed to win just a few more months. It would, however, be a political decision to try to do so.

Dr Engel concluded this session by noting that there is a clear need for time for an investment in structural reform and he referred to the time that it took in the recent past to reform local agricultural markets in Europe. He referred to this structural reform as being the 'big apple' and expressed his hope that the negotiations would be able to 'peel' it successfully.

## Plenary session 4: Implementing the Paris Declaration and realising the division of labour: challenges and opportunities for the European Union

**Chair:** Dr Paul Engel, ECDPM Director

**Presenter:** Dr Paul Hoebink, Associate Professor, Centre for International Development Issues Nijmegen

**Discussant:** Ms Valerie Leach, Research on Poverty Alleviation (REPOA) Tanzania

Dr Paul Hoebink opened this session by briefly discussing the origin of the 2005 Paris Declaration on Aid Effectiveness, and by introducing the declaration as a response to the increasing number of questions on and attention paid to aid effectiveness. Key questions that were featured include concerns of 'projectitis', the failure of structural adjustment, lack of coordination, overburdened local administrations and a lack of ownership. Further attention to aid effectiveness in the run up to the declaration, which related to a follow-up to the 2003 Rome Declaration on Harmonization, was prompted by the proliferation of donors and the search for new instruments for programming and aid delivery.

What distinguished the Paris Declaration from earlier international declarations on aid effectiveness, including the one of Rome, was the inclusion of clear targets and indicators for both the development partners and partner countries to achieve, and which were formulated in a SMART<sup>2</sup> way. Central to the declaration are twelve key indicators which were formulated for the purpose of monitoring progress towards the achievement of the agreed results.

Dr Hoebink further discussed a visual representation of the Paris Declaration Triangle, which makes ownership, alignment and harmonisation the cornerstones of the declaration, with additional key emphasis on the concepts of 'managing for development results' and 'mutual accountability'. A first monitoring survey of the Paris Declaration was recently published, which showed progress in those countries where there were PRSPs. However, the report also reveals that little progress has been made as regards harmonisation and capacity development, and it concluded that 60% of the donors make multi-annual commitments and timely disbursements, while only 30% of projects are currently being managed according to national procedures.

On 15 May this year, the EU adopted a Code for Conduct on the Division of Labour in Development Policy. This represented a first real EU decision relating to complementarity of the bilateral aid programmes of its members. The Code of Conduct includes eleven principles, one of which is for each EU member to concentrate its activities on three sectors per country.

Having discussed these declarations and recent developments, Dr Hoebink continued by presenting some of the 'Fault Lines' in the new aid architecture, on the basis of Robrecht Renard's analysis. A key element of this fault line is the lack of consistency between two distinct narratives that feature in today's debate:

- On the one hand a narrative that stresses the failure of the projects and structural adjustment, a lack of ownership and a need to do more;
- On the other hand a narrative that stresses the need for more conditionality and selectivity stemming from the recognition that much aid has failed as a result of bad governance and conflicts of interest between the donor and the recipient.

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<sup>2</sup> SMART in the sense of being Specific, Measurable and unambiguous, Attainable and sensitive, Relevant and easy to collect, and Time-bound.

Besides these narratives, further cracks in the aid paradigm concern the fact that the MDGs are not automatically translated into the PRSP process, and the friction between conditionality and ownership. An additional fault line concerns the difficulty of translating PRSPs into SWAPs, and existing inconsistencies between the PRSPs and national budgets.

Dr Hoebink further observed that figures can be easily influenced by the actors involved, as is currently the case with mutual accountability. As for the EU donors, a definition of what a sector is was not included in the EU decision, despite the decision to focus on three sectors per country being clear, and this provokes the question of whether to opt for a broad or narrow definition of sectors. Another issue is that EU donors may end up 'crowding in' on the easy sectors of health and education, as for instance happened when the Netherlands switched to the sector approach. Under such conditions the present situation of 'aid orphans' may evolve into one of 'sector orphans', and this raises the question of whether donors are ready for this. Moreover, in terms of transparency, the Netherlands still has a lot to learn from other donors. Finally, although it is good that the EU is taking the lead, it should also make efforts to get Swiss, Norwegian and Canadian donors on board as well.

On behalf of Prof. Joseph Semboja, Ms Valerie Leach from Research on Poverty Alleviation (REPOA), who has over 20 years of working experience in Tanzania, responded to Dr Hoebink's presentation. Tanzania exemplifies the Paris Declaration in many ways, with its multiplicity of organisations working in the country and 542 donor missions reported in 2005, of which only 94 are said to have been coordinated.

Ms Leach commented on the reality of ownership, which was deemed to be strong in Tanzania, and agreed that in some ways it is. In particular, the former president Benjamin Mkapa was very involved, as was the ministry of Finance, and it can truly be said that the National Strategy for Growth and Reduction of Poverty, commonly known as MKUKUTA, is locally owned. There is, however, much less Tanzanian ownership of the reviewing and adapting process. With over 40% of its national budget depending on aid, many foreign consultants are being brought in to work closely with the embassies and delegations in the context of the Performance Assessment Framework. This review, which relies on the reviews of the different sector programmes, greatly influences the future direction of the programmes.

Despite the goal of the division of labour process being to free up time for the government to be fully involved in this process, it is clear that the donors are fully in control as far as the technical process of developing terms of references and setting analytical priorities is concerned. The meetings that are organised are often a 'sea of white faces' who do the research and write the reports. Governments can accept and make recommendations, but they are not really involved. There is also little time and opportunity for involvement of local experts. Tanzanian experts examined the present division of labour and concluded that a lot has to be done if this involvement

of local experts is to become a reality. The declaration needs to be monitored. The monitoring report on the Paris Declaration that has just been released was based on data from the fiscal year 2005 (July 2004 – June 2005). Much has happened since, but even more needs to be done. Ms Leach closed by calling on the EC and the Netherlands government to use their influence on the process to help ensure that the situation is improved.

Dr Engel noted from Leach's comments that, in the Tanzanian context, ownership is presently taken away during the performance assessment. He observed that a joint process, which depends so much on expertise on the part of the donors, turns this into an unbalanced whole.

The participants made remarks and posed questions as follows:

- Why do we now need change, why can we not just continue with what we are doing? A lot of development agencies are now under-resourced. Why not simply try to do better and just persevere?
- The Paris Declaration and related processes are perceived by many as a rather technical issue. We need support from the political side as well as from NGOs. It may be perceived as a boring agenda, but in reality it is a very challenging one.

In response to the first comment, Dr Engel argued that quite a lot of donors still have to change, as they are still implementing a lot of projects in isolation. In response to the second comment he added that, given the involvement of governments, donors, NGOs and academics, their complex interrelationships should guarantee that this is not a boring exercise.

## Plenary session 5: The implications of recent EU level policy decisions for Dutch development cooperation

**Chair:** Dr Paul Engel, ECDPM Director

**Presenter:** Mr Ruud Treffers, Director-General for International Cooperation, the Netherlands Ministry of Foreign Affairs

Mr Ruud Treffers started by expressing his agreement with Mr Richelle's analysis, commenting that it is almost a copycat of the situation facing DGIS. As Director General, he bears the responsibility of EUR 5 billion of Official Development Assistance that is spent each year and has identified three key commitments in the international development community:

- First of all, to do more (0.7% of the GDP of each donor);
- Secondly, to do it better (as per the Paris Declaration and related agreements);
- And finally, to do it locally (by aligning their support with national development plans).

He agreed that a lot of PRSPs are of poor quality, but also emphasised the need for the programmes to be 'home-grown'. A typical feature of bilateral development cooperation is dual accountability: on the one hand there is accountability for success based on the demand of citizens in developing countries while, on the other hand, there is the need to be accountable to the Dutch parliament. Referring to this second line of accountability, he stressed that accounting for each euro spent is problematic in practice, particularly in the context of fragile states, where higher levels of risk need to be taken for meaningful things to be achieved.

The Dutch ministry has also been actively involved in improving the EU policy framework. In 2004, the Dutch EU Presidency in 2004 pushed for a new development policy statement, which was finalised by the UK in December. In addition, the Netherlands was closely involved in the Paris Declaration under minister van Ardenne, as well as in the Council Conclusions under the Luxembourg presidency to agree on EU ODA targets.

On the subject of Policy Coherence for Development, the Netherlands proactively encouraged this policy framework and worked with Austria and Finland on the ongoing work programme. A specialised unit at the Dutch Ministry for Foreign Affairs is working on the further promotion of development coherence within the Dutch and European policies. Moreover, having a minister for development facilitates PCD-related interventions at cabinet level. Mr Treffers emphasised that this work is necessary for the further promotion of PCD, while criticising the 'do no harm' approach for being insufficient.

On the subject of the Code of Conduct for the division of labour he noted the many operational implications that remain, including the identification of sectors. The Ministry of Foreign affairs has sent a letter to all its embassies asking them to report on the implementation of the Code of Conduct. Mr Treffers recognised that it was not easy for people in the field to change their habits and work practices, so the ministry needs to support them actively while they undergo these changes. As an example of the practical implications of implementing the Code of Conduct, he wondered what would be done with the competent people that are employed by the Netherlands once the decision has been taken to step out of the health sector in a certain country. He referred to situations like the one in Zambia, where meetings are sometimes attended by 65 donor representatives, as 'absolute Kafka'. Responding to the issue of added value, Mr Treffers recognised that the Netherlands is known for being an easy funder. However, more reflection is needed on what the Netherlands is good at, and this will need to be done in the context of these current changes.

Mr Treffers noted that EU Commissioners Michel and Mandelson addressed the member states regarding the EPA negotiations during the informal meeting in Madeira, but expressed his gratitude for Bilal's and Gomes' presentations on this topic today. In October, the EC is going to publish a progress report which will later be discussed at the meeting of EU development ministers. Mr Treffers underlined the fact that the opportunity presented by the negotiations should not be squandered,

but also agreed that a fallback to the GSP system was not acceptable. Whereas the LDCs can ultimately fall back on the Everything But Arms agreement, there would definitely be a problem for the non-LDCs in the event of reliance on the GSP system.

Minister Koenders is soon going to present some new policy orientations, and the ministry is now also embarking on a process of multi-annual planning. Parallel to this, the Dutch government has decided to make human resources cuts, which will also have implications for the Ministry of Foreign Affairs. Further investments in EU integration of development cooperation were recently made through appointing a liaison officer on the Code of Conduct in the Hague, as well as seconding four officers to Brussels:

1. to DG Development on joint programming;
2. to EuropeAid on harmonisation;
3. to DG Development on Policy Coherence for Development; and
4. to DG Development on health and human rights.

Fragile states have been identified as areas where further EU cooperation can be strengthened, as being ideal places for cooperation on how to do the best thing depending on the respective donors' added values and competencies. Burundi has been selected by the Netherlands as a pilot case with a view to implementation of the Code of Conduct, and donors have been approached to see how this cooperation can be worked out in practice. Finally, the new member states are also supported by the Dutch as regards the ministry's policies and how they could identify and implement their own.

The minister has asked the Advisory Council on International Affairs to advise on the possible implications of the recent changes in development policy at EU level for the Netherlands. In this context, the AIV was asked to advise the minister on the following areas:

1. The use of the EU as a forum for the coordination of development policy;
2. The role and focus of the EC in relation to the Code of Conduct and EU Consensus on Development;
3. The EC's budget for development cooperation;
4. Development and security.

Mr Treffers noted the comments that had been made in this meeting relating to political will and acknowledged their importance. He also expressed concern about the dependence of Dutch NGOs on government finance. As far as the ministry is concerned, harmonisation is also complicated by the fact that some NGOs focus on a limited number of activities. He encouraged people to be open to cooperation

structures in this regard, but not to exaggerate, given that ODA is only a small fish in a big sea. As the people themselves are most important, the social sectors are important to invest in, but it can be questioned whether the development sector did not concentrate too much on the social sectors.

The participants made remarks and posed questions as follows:

- Regarding future policy towards the funding of Dutch NGOs, should only the Dutch NGOs be able to access funding directly or partner countries as well? Dutch NGOs are encouraged to tender more at EU level, but this too is fraught by certain problems.
- It would be interesting to draw up an inventory of the added value of Dutch development cooperation. Is such an inventory currently being prepared?
- Although the importance of taking risks has been underlined today, it seems that those involved in EC cooperation are actually afraid of taking risks.
- Despite being a political concept and difficult to use, comparative advantage is a useful concept to use in the context of EU cooperation.

In response to these questions, Mr Treffers noted that, in essence, the new NGO system was meant to broaden the number of organisations that were funded and zoom in on certain thematic issues that were found to be relevant. Parliament decided that only Dutch organisations should be funded, and twenty were subsequently selected. The Dutch ministry is currently looking into how more international organisations can be facilitated. Although the required 25% of co-funding is a challenge to most organisations, the ministry feels that there should always be a financial co-responsibility for any support recipient. Irrespective of the role NGOs play and their usefulness, there is a certain degree of dependency.

Reflecting on comparative advantages involves deciding on who is good at what, after which the more effective donors can claim a lead position. Thinking about this means making choices, and this tends to be very difficult in the Netherlands, being a 'polder-oriented country'. It takes courage for our ministers to make these clear choices.

Risks must be taken in the context of fragile states, following the approach the Netherlands is presently using in the Palestine authority and in Burundi. State structures need to be supported here, although it is for instance clear that an auditor will usually be absent. In these contexts it is important to convince our administration that this is a calculated political risk, and a risk which cannot be excluded ex-ante.

Mr Treffers further noted that the staff to disbursement ratio is presently as dismal in the EC as it is in the Netherlands. The new co-financing possibilities however allow for the possibilities to 'join in' in both directions.

Dr Hoebink added that some 10% of embassy budgets in fact is used to fund local NGOs, and clarified his statement from the previous session by adding that he did not mean that the Netherlands shouldn't interfere in health and education, but rather that the crowding in of donors in these sectors should be avoided.

In response, Mr Treffers mentioned that the Dutch Ministry has in fact been crowded out from the rural sector, given that what has been done to date did not yield sufficient results. Although the work on creating conducive rural environments did not have a sufficient impact, it is expected to resurface again by means of this year's World Development Report. The annual budget of EUR 5 billion for 2008 is already fully committed, so changes cannot be made without cutting other commitments. He also mentioned that the Dutch ministry is going to continue increasing its transparency, including the clarity of its budget.

## Closing statement

### **Dr Paul Engel, ECDPM Director**

Dr Engel said first of all that there was not a great deal to close following this thematic meeting on EU development cooperation. He felt that the focus today had been on trying to 'uncork the bottle' with a particular focus on:

- The diversity of European development issues;
- The relationship with other areas of foreign affairs;
- The implicit need for more integration in Europe in order to be able to do more in terms of coordination.

During the day, references were made to hell and 'purgatory' and this is the road that will need to be travelled. Dr Engel highlighted the need to relate this development agenda to Lisbon, and to the EU's capacity to improve its own social policies. If development is about innovation, then development is also about failing. 80% of new enterprises are discontinued after the first year, so perhaps NGOs should be funded in the same way.

Dr Engel concluded by saying that it should perhaps be checked whether our development mindsets are still up-to-date. He also concluded that a lot of the present ambitions in Europe concerning development cooperation need broad political support and constant attention on the part of the member states.

Finally, in relation to today's theme, Mr Engel expressed agreement with Mr Richelle by concluding that EU development cooperation has become more efficient, but that further efforts are necessary for it to become more effective. Today's answer on the question 'does more mean better?' is therefore that there is currently 'more', but not yet 'better'.

## Appendix 1 – List of participants

	<b>Surname</b>	<b>Initials</b>	<b>First Name</b>	<b>E-mail</b>	<b>Organisation</b>
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## Appendix 2 – Programme

10.00 – 10.30

- Arrival of the participants and coffee

10.30 – 10.40

- Welcome address by Dr Jan Donner, President of the Royal Tropical Institute and Chairman of the DPRN Task Force

Each session begins with a 10–15 minute presentation, followed by questions for clarification or discussion purposes.

10.40 – 11.15

- Parallel thematic discussions

<i>1: The cooperation between the EU and the countries in Africa, the Caribbean and the Pacific under the Cotonou Partnership Agreement; the 10<sup>th</sup> European Development Fund</i>	<i>2: The European Commission's cooperation with developing countries in Asia and Latin America</i>
Mr Philippe Van Damme, Deputy Head of Unit 'Aid Programming and Management', European Commission DG Development	Mr Alain Ruche, Deputy Head of Unit 'Asia, Horizontal Issues', European Commission DG External Relations

11.15 – 11.30

- Coffee break

11.30 – 12.30

- **Mr Koos Richelle, Director-General EuropeAid Cooperation Office: EuropeAid's mandate, role and the ongoing reform of EC development cooperation instruments**

First discussant: Dr Wil Hout, Dean, Institute of Social Studies

Second discussant: Dr Ibrahim Khadar, Technical Centre for Agriculture and Rural Cooperation ACP-EU

12.30 – 13.30

- **Ms Françoise Moreau, Head of Unit 'Forward Looking Studies and Policy Coherence for Development', DG Development: The EU's effort to promote Policy Coherence for Development**

First discussant: Ms Else Boonstra, Evert Vermeer Foundation, EU Coherence Programme

Second discussant: Ms Louise van Schaik, Clingendael European Studies Programme

Third discussant: Dr James Mackie, European Centre for Development Policy Management

13.30 – 14.30

- Lunch

14.30 – 15.30

- **Dr San Bilal, Programme Coordinator of the Economic and Trade Cooperation Programme, European Centre for Development Policy Management: The Economic Partnership Agreements: issues and prospects**  
Discussant: H.E. Patrick I. Gomes, Ambassador of Guyana to the European Union

15.30 – 16.15

- **Dr Paul Hoebink, Associate Professor, Centre for International Development Issues Nijmegen: Implementing the Paris Declaration and realising the division of labour: challenges and opportunities for the European Union.**  
Discussant: Ms. Valerie Leach, Research on Poverty Alleviation (REPOA) Tanzania

16.15 – 16.30

- Coffee break

16.30 – 17.15

- Mr Ruud Treffers, Director-General for International Cooperation, the Netherlands Ministry of Foreign Affairs: The implications of recent EU level policy decisions for the Dutch development cooperation

17.15 – 17.30

- Closure by Dr Paul Engel, Director of the ECDPM

17.30 – 18.00

- Drinks at the ECDPM office

### Appendix 3 – Powerpoint presentations and contributions in writing

The PowerPoint presentations that were used during this thematic meeting are all available in electronic form on the DPRN website: [www.dprn.nl](http://www.dprn.nl)

On this website you will also find two contributions in written form, which were made by Dr San Bilal (presenter of plenary session 3) and Ms Valerie Leach (discussant during plenary session 4).

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