



**Report: Roundtable at DanChurchAid in Copenhagen, Denmark
21 April 2008**

Disclaimer: This report has been prepared on the basis of discussions at the roundtable. The opinions expressed, as recorded by ECDPM and ActionAid International, are those of individual participants. They do not represent the official views of the participants or organizations.

Summary: A roundtable was held at DanChurchAid in Copenhagen, Denmark on 21 April 2008. Participants attended from the Danish International Development Agency (DANIDA), the European Commission, the Danish International Studies Institute as well as from Civil society, like the Danish-EU NGO platform and DanChurchAid one of the major Danish humanitarian non governmental organizations in Denmark.

After an introduction of Morten Emil Hansen of the main expectations of the workshop and a presentation of the WECA project, participants engaged in discussions on various issues.

The Division of Labor was mentioned as a window of opportunity for strengthening the EC aid effectiveness, but concerns were raised regarding the leadership of the EC and the lack of space for the participation of European NGOs in the debate and policy dialogue.

Regarding Budget Support, Denmark is still very shy regarding this aid delivery method and there is still some resistance due namely to the decline of the donor visibility.

Concerning the Lisbon Treaty, the discussion started with the democratic deficit within the EU, based namely on the inability of the European Commission to criticize or direct Member States. Nevertheless, positive changes in the Lisbon Treaty were underlined such as the fact that the EC assistance is not anymore complementary, but on the contrary, both actors will have to cooperate.

The view of some participants regarding the question of how to achieve ownership in practice was also highlighted including the improvement of Parliaments participation. The Joint ACP-EU Parliamentary Assembly was perceived as an interesting example providing fertile ground to work on.

The participants expressed their interest in the outcome of the WECA project and offered their views on the future of the process.

1. Introduction

'Whither EC Aid' (WECA) is an independent, joint ECDPM-ActionAid project that aims to contribute to a broader-based common understanding of the characteristics, added value and impact of EC development cooperation. After the finalization of an initial Discussion Note, the project has entered a phase of consultations to stimulate further inputs from stakeholders. After a number of roundtables in Europe and in the South, the consultation process has moved ahead with the organization of a new roundtable in Denmark, co-organised with DanChurchAid.

The meeting started with a brief introduction by Morten Emil Hansen (DanChurchAid) to the objectives and expectations of the workshop. It was followed by a presentation by Gwénaëlle Corre (ECDPM) of the WECA background, objectives, process and key emerging issues as identified in the Discussion Note and at previous workshops. This led to an interesting exchange of views between the participants. The discussion was facilitated by Joanna Maycock (Action Aid). This report provides an overview of the roundtable's objectives, the main issues discussed and a list of participants.

2. Objectives of the roundtable

The purpose of this roundtable was

1. To inform participants about the WECA process and to introduce the main findings from the project's first phase and on-going second phase.
2. To get the participants' opinion on the debate on EC aid effectiveness in general, and on the following questions more particularly:
 - How should the EC combine its coordinating function with those of a leading reformer and a policy facilitator?
 - Consequently, how best can an effective division of labour within the EU be achieved?
 - How will the Lisbon Treaty affect the EC aid effectiveness?
 - From Paris to Accra and beyond: which key aid effectiveness targets should become the EC's priorities, and what does this mean for Denmark in the EU context?

3. Key emerging issues

Division of Labour

The division of labour (DoL) issue, together with the implementation of the European Code of Conduct, was one of the main points discussed. Consensus was reached on the fact that the division of labour should start at the level of the recipient countries amongst EU donors before including other donors, and not be initiated in 'Brussels'.

The starting point should be the national strategy of the partner countries rather than some earmarking towards countries or sectors. In addition, accountability links between the EC and EU citizens are weaker than at the level of the Member States (MS). If the DoL was based on the partners' strategy and facilitated by the EC, the process would focus more on the accountability between the partner government and its people. It would decrease the European pressure on the EC: the success of the BS would be assessed in the light of the success of the national policy of the partner.

However, some participants expressed their concern that the EC would become a lead donor everywhere and that there was still some misunderstanding as to who would be entrusted with the coordination role.

As a participant put it, 'we need to show a common interest to move together'. Sometimes the EC tries to facilitate this process but is not always allowed by the MS to do so. Besides, in practice, the EC, when in the leading position, should avoid that its own set of conditionality, in addition to those imposed by the other donors, results in an increased burden for the government and administration of the partner countries.

Some participants feared that the partner countries were marginalised in this process and that there was very little space for the participation of European NGOs in the debate and policy dialogue. There is some concern that the division of labour could be a way to decrease the investment in social sectors.

Even though the initiative of the Code of conduct has generally been welcomed, participants argue that the EU still displays rather contradictory positions in international fora such as the DAC. The division of labour will remain a theoretical concept unless there is a concrete behavioral change of the actors involved in the process. Trust is a crucial element and the adoption of new rules facilitating co-financing between MS and the EC (in EDF 10 and EC budget procedures) is possibly an important step forward in this regard.

In this context, participants indicated that the Paris Declaration will imply further Division of Labour and that the Code of Conduct is an interesting path to follow..

During the debate, it was mentioned that it would be wrong to look at the DoL without addressing the issue of budget support (BS). As a radical change, some participants even proposed to concentrate and pull all resources through BS at EU level and to empower the EC to coordinate it while phasing out from other sectors.

Budget support (BS)

Different reasons justify the use of BS: it avoids the duplication of transaction costs in comparison to project management (capacity costs for the donor to implement and then for the recipient to take over); it offers the right incentive for partner countries to

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<http://weca-ecaid.eu>

invest more in capacity building; and it reduces the financial fragmentation of aid. What is needed however is the development of the capacity and instruments to measure progress, to elaborate impact statistics, and to support monitoring of BS.

Budget support could also lead to a more natural coordination role of the EC. The EU needs to invest in awareness-raising measures to make sure there is a good understanding of what the implications are, both on the donor and on the recipient side. Some participants mentioned that partner countries generally support such measures, but that building adequate capacity in practise is a long process.

Within the EU, there is still some resistance in engaging in BS especially due to the idea that donor visibility would decline. For this reason, it is particularly important to communicate cases of good practises and highlight the fact that BS permits a higher scrutiny since it is discussed in Parliament – as long as a satisfactory local accountability system is in place. The case of Denmark – still very shy in terms of BS commitments (less than 7% of ODA) – underlines the importance to move forward in terms of development education to make sure the public opinion understands the core of development. It would be very valuable in this regard to learn more about the EC experience in providing BS.

However, BS should not be used for the wrong reason, i.e. as a way to increase ODA disbursement rates. Choosing to engage in BS implies that a certain monitoring capacity is in place. Some participants indicated that BS should not be used unless the necessary resources are available to ensure an adequate follow up, and to trace the impact of BS on qualitative development. It is important to make sure that the conditions are met to make it work. This implies transparency and accountability, with a clear exit strategy in the case of a poor governance.

The Lisbon Treaty and future perspectives for development

The discussion started with a reflection on the democratic deficit within the EU as being a great threat for the European integration process, and as having consequences on development cooperation. According to some participants, this deficit is mostly based on the inability of the Council of Ministers (CM) to decide, rather than the on the EC's inability to perform. Besides, even the policy frameworks commonly agreed to are not used in MS national policy dialogue. In broad terms, the EC does not have a mandate to criticise or direct the MS: it is all one way with comitology. There is nothing in the new Treaty to give the EC a clear new mandate. Positive changes in the Lisbon Treaty were underlined such as the fact that the EC assistance is not complementary to the one of the MS anymore: both actors will have to cooperate.

A number of questions about the configuration of management of aid were raised: will there be a Commissioner for Development cooperation? How should the external

service support the EC? Where would the management structure be? The Head of the EU Delegations could fall under the European External Assistance Service (EEAS), but then who would head development issues in the Delegations?

Most participants felt that there were many ideas for a new setting but there was very little discussion as the full political aspects of the reform were not understood. They also underlined that the only way to move forward was to strengthen a partner-government driven approach.

The EC as a donor and its added value

The EC can add value in the policy dialogue, in connection with budget support and with policy coherence for development (PCD). Participants indicated that if the EC was focusing more on its facilitation role at country level it would contribute to balance the feeling of arrogance that is perceived at times.

The partnership characteristics of the ACP-EU agreement were emphasised but the fact that the EDF still remained separated from the general budget was perceived as an anomaly.

In a more radical way, the question of the very existence of an EC development cooperation was raised: what is really the interest of the 27 MS for the EC to act as a bilateral donor? In order to justify this additional bilateral cooperation, there has to be a specific vision for development and some participants feared that the Lisbon Treaty and the EEAS would not help but, on the contrary, politically instrumentalise development cooperation even more. All in all, the debate concluded that the way ahead was probably for the EC to focus more on policy coordination, and less on funding.

Besides, the EC can be empowered to facilitate the elaboration of a common European position on development related matters at the international level to try to deliver on the EU vision. To illustrate this point, participants mentioned the role of the EC to remind on the MS to deliver on their financing commitment. The EU's ODA is not on the rise, but on the decline: the EC, including the Development Commissioner, plays the right role when calling upon MS to meet their targets.

The historical perspective on the evolution of the EC development structure showed that it was built around building blocks rather than as one coherent system from the start (from the OCTs and former French colonies with the EDF, to the MEDA programme after the EU enlargement towards the South, etc.) This set-up directly affects the EC's added value because, even if locally the EC is speaking as one (with the Presidency etc.), it remains rather problematic when it comes to funding due to diverging MS interests.

The challenges of implementation, the practice of accountability and ownership

One of the main problems with the Paris Declaration is that it may not enhance the ownership of partner countries. Even though it has given a new impulse to improve coordination and division of labour at the EU level, it is also quite difficult for beneficiary government to engage in the policy dialogue.

The history of the EU is about enlargement and improving conditions in new MS and this constitutes the vision to support partner countries in their own development. However the incentives are very different because there was a good tax base in Europe, unlike in developing countries. Some participants felt that the EU's cooperation system did not take into consideration the right incentives for internal change in partner countries, even though the two-way commitment process of the EU-Africa Strategy was quoted as an interesting initiative to promote ownership.

The question of ownership was brought together with the issue of BS with the following central question: how do you link ownership to BS? It is in fine up to the consultation between the partner and the donor to define it through policy dialogue but it was noted that it remains difficult for some donors to entrust the partners democratic system to fully function. It was also noted that, when the EC will become a bigger player on BS, the EU will get a more meaningful role in helping the countries in their dialogue with the IMF and with the World Bank.

The true measure of our partnership is whether or not we accept to change the content of the cooperation strategy according to the needs and request of the partner country. Some participants regretted that the role parliaments are given is very weak and they insisted for their role to be improved in our aid strategy in order to foster ownership. The Joint ACP-EU Parliamentary Assembly was perceived as an interesting example providing fertile ground to work on.

Another way to improve ownership is to provide the partners with a higher predictability of aid and to minimize the risk of 'in and out' policy. Ensuring a foreseeable horizon in terms of support was highlighted as a crucial element to foster ownership at country level.

In terms of accountability the participants emphasised the role of the donor community, of the civil society organisations and of the international NGOs in making public the contribution of the donor community so as to encourage local public accountability. By sharing information and raising awareness, the EU would encourage transparency and accountability between the partner governments and their people.

4. Issues for further discussion

- The participants welcomed the WECA initiative. Denmark is part of the DAC Peer Review mechanism and of the MOPAN (Multilateral Organizations Performance Assessment Network¹) process. In this context, the WECA project is useful and participants expressed their wish to see more work on EC aid effectiveness.

5. Participants

From ECDPM: Gwen Corre (Programme Officer)

From ActionAid: Joanna Maycock (Head of ActionAid office Brussels)

Name	Organisation
Michael Gormsen	Danida
Per Bo	Danish-EU NGO Platform
Poul Nielson	Former EU Commissioner
Lars Engberg-Pedersen	DIIS
Frans Mikael Jansen	Action Aid Denmark
Niels Dabelstein	Danida
Troels Dam Christensen	Danish 92 Group
Morten Emil Hansen	DCA
Christian Friis Bach	DCA

¹ Austria, Canada, Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

