



Background Paper

**KEY INSTITUTIONAL CHALLENGES FOR  
EUROPEAN DEVELOPMENT PRACTITIONERS:  
EMERGING EU AID ARCHITECTURE AND  
IMPLEMENTATION OF THE AID EFFECTIVENESS  
AGENDA**

Prepared by AECID for the:

**Meeting of Directors of  
European Development Cooperation Agencies**

and

**Annual Meeting of the Practitioners' Network  
For European Development Cooperation**

May 27th-28th 2010, La Granja (Segovia, Spain)

**Madrid, 20 May 2010**

On May 27-28, 2010, the Spanish Agency for International Development Cooperation (AECID) hosts a Meeting of Directors of European Development Cooperation Agencies and the Annual Meeting of the Practitioners' Network for European Development Cooperation, in La Granja (Segovia, Spain). This is a unique opportunity for agency directors and other practitioners to discuss issues of common interest.

For that purpose, the La Granja programme includes two working sessions which provide ample space for debate among the participants. The first session, *European aid architecture: opportunities and way forward*, focuses on the opportunities and challenges for cooperation agencies and institutions as participants and actors of the emerging EU aid architecture. In the second session participants will deal with *Institutional Challenges for the implementation of the EU Aid Effectiveness agenda*.

This background paper was prepared by AECID to help orient the debates in order to advance in common understanding around the issues dealt with at La Granja. The forum does not aim to make decisions; instead, it is a space where European agencies can exchange views and experiences related to shared challenges, thereby laying down the bases for informed and coherent internal decisions and/or for future joint or coordinated actions.

This document deals with a set of common institutional challenges that European development practitioners face currently, namely, how implementing agencies and departments participate in the emerging European aid architecture and how their institutional frameworks can contribute to advancing the aid effectiveness agenda.

## **Introduction. Institutional transformation: a constant challenge for practitioners**

Development agencies and ministerial departments responsible for implementation of development policies in Europe face a continuous need to reform/restructure/adapt themselves to changing economic contexts, policy shifts, new strategic approaches and emerging development paradigms.

For instance, the need to improve policy dialogue with partner countries --among other factors--, lead many donors to increase programme-based approaches. This, in turn, had important institutional consequences, including a strong push to decentralize decision-making and aid programming. The aid effectiveness agenda has reinforced incentives for greater transfer of responsibilities to the field.

The first Millennium Development Goal, the reduction of extreme poverty and hunger has also had significant institutional consequences. This goal, linked with commitments to increase the effectiveness of aid efforts – for European donors in line with the European Consensus and according to the principles laid down in the European Code of Conduct on Division of Labour—, lead a number of donors to reduce their sector and/or geographic fragmentation. A result of this policy shift is that some agencies have re-oriented their country programmes and increased delegated cooperation which, in several cases, has resulted in gradual exit from partner countries. These actions have important effects on how donor organize themselves.

## **European aid architecture: opportunities and way forward**

### **(1<sup>st</sup> Session)**

It is fair to say that in the area of development policy and practice the Treaty of Lisbon (Treaty of the European Union/TEU) may pose deeper institutional challenges than in any previous EU treaty. The Maastricht Treaty which included the first explicit mention of development in a EU legal document of this importance did not have a major direct impact on member states' development practice, although it did contribute to efforts to advance in coordination, complementarity and policy coherence –the “3 Cs”--.

In addition to strengthening the mandate for Member States and the Community to work together in the area of development, situating poverty reduction at the centre of this policy (art 208, TFEU) and creating a specific article for humanitarian assistance (art. 214 TFEU), the Lisbon Treaty created the European External Action Service/EEAS (Art 27.3 TEU). In contrast, reforms of the Commission services over the past two decades were not included in treaties so they did not require significant institutional alterations in the Member States or their agencies.

The EEAS was created to assist the High Representative of the Union for Foreign Affairs and Security Policy in carrying out her functions. Although the precise structure and modus operandi of the EEAS has yet to be determined<sup>1</sup>, it will probably have important institutional implications for all development organizations in the EU because, among other reasons:

- It will be staffed by personnel from the Commission, General Secretariat of the Council and the member states: this will require these institutions to carefully plan how to contribute to EEAS human resources needs while maintaining their own activities.
- The EEAS will likely play a leading role in the country programming cycles: this may make the process slightly more complicated at first, but it should contribute to an improved flow of information between the actors over the long term, and it may create new opportunities for advancing in coordination in general, as well as greater incentives for division of labour and joint programming.
- Development agencies and departments in Europe are fundamental to ensure that EEAS is informed by development objectives and principles that are grounded in broad experience, particularly at the field level.
- The autonomous status of the EEAS may lead to important changes in the nature of the EU Delegations and strengthen their coordination role in the partner countries. Any change in the European setup or coordination process in the field – which will require reassessment of the role of the Member States embassies— should aim at raising the EU's external voice, while making the most of the diversity of experiences, approaches and aid modalities offered by the European development actors group.

#### Issues for discussion:

- How will the EEAS affect the setup of European development cooperation?
- What will be the consequences for implementing organizations in Europe –both in the field and at the level of headquarters— of the EEAS and the new setup of the Commission?

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<sup>1</sup> The Council in its meeting of 26 April 2010 reached a political orientation on a draft decision to establish the EEAS as a basis for consultations with the European Parliament.

- What opportunities may open up for increased articulation of joint efforts of implementing organizations in Europe, particularly through the Practitioners' Network?
- What actions are needed --or may be desirable- from practitioner organisations and our Network?

### **Institutional Challenges for the implementation of the EU Aid Effectiveness agenda (2<sup>nd</sup> Session)**

The establishment of the European External Action Service is certainly an important contextual factor that development practitioners will have to deal with over the next years, but another aspect with perhaps broader implications has to do with institutional aspects of implementing the aid effectiveness agenda. This is important at present since the Korea High Level Forum on aid effectiveness will review progress since Accra; to a great extent, this will depend on institutional investments made over the past few years.

In the latest annual report of the Development Assistance Committee (2010), three main institutional challenges are cited:

1. Dealing with major changes in aid volumes, while ensuring predictability.
2. Improving accountability, particularly with regards to partner countries, but also to citizens in donor countries who demand greater efficiency and effectiveness. A major ingredient for this is establishing systems to manage for development results (MfDR).
3. Building more effective organizations.

While attention among donors has tended to focus on outputs and relations with partner countries [see, for instance European Commission supported study on the benefits of a European Approach (Tore, et al, 2009)] that have to do with the first two challenges, more needs to be done with regards to improving the capacity of donor institutions to assure greater development effectiveness.

In this regard, DAC peer reviews over the years reveal that “implementing the aid effectiveness agenda requires organizations that are staffed, run and structured appropriately” (DAC, 2010: 40). The structure of development organizations (i.e., the degree of decentralization) can play an important enabling role, while human resource management (recruitment, training, mobility, etc.) and adaptation of procedures (i.e., planning and programme review, procurement, delegation, etc.) are also fundamental.

For most practitioners results-based management (RBM) is still in early stages and does not yet permeate many key functions. As the DAC notes, creating an organization that is truly managed by and for results takes time, but it contributes significantly to effectiveness and to agencies' ability to be more accountable.

Various agencies are attempting to re-structure in order to be better placed to implement aid effectiveness principles in practice. There is no single model to do this, but the DAC underlines the importance of coordination and communication for successful structural change.

In sum, agency managers and staff have an important role to play in working out how the aid effectiveness agenda can be carried out. There is considerable potential for learning from each other's experience in managing change. In this regard, the Practitioners' Network provides a useful forum

Issues for discussion:

- What are key lessons of efforts by European development practitioners to put the aid effectiveness agenda into practice?
- What best practices exist in implementing this agenda?
- On the particular issue of European facilities/platforms for development cooperation, what may be the specific contributions of the various practitioners and the articulation of their activities?
- How can the Network contribute to increasing the sharing of knowledge among practitioners on the implementation of this agenda?

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## A selection of references and background readings

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