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PERFORMANCE AND PARTNERSHIP[1]
A discussion of Community development cooperation practice at the time of the mid-term review of the Convention of Lomé IV

When thought is geared to action, cogency is not always its strong point
(Hirschman, Albert O.: L'Economie comme science morale et politique. Gallimard-Le Seuil, Paris 1984)

Abstract

The paper outlines financial and technical cooperation as practised under the Lomé-Convention. The present keynote is 'thoughtful pragmatism'. Outgoing from the objectives of the Community's development policy, top priorities for the future cooperation are identified. Partnership continues to be the guiding principle of the Lomé-Conventions. But is it still appropriate? The post-Fiji-study- highlighted various reasons for the dysfunction and shortcomings of the cooperation. More flexibility in the allocation, management and distribution of resources among the various instruments should be considered. Political dialogue has to be joined by policy dialogue. Programming as an instrument of this dialogue should be maintained but the rigidity of the present system should be lessened. Tighter coordination among donors and among EU-member states and the Commission and tighter integration of the various development-policy instruments should bring advantages not only for member states.

After the more than 30 years of Community development cooperation thoughtful pragmatism is the keynote. However, the Lomé IV mid-term review coincides with a new deal in our thinking about the effectiveness of aid and, in particular, about the need to improve the speed at which it is financed. Short-term performance has to be combined with the partnership principle in two ways, by:

— correcting some of the negative aspects of what might be called the donations policy and looking more to a "contract approach";

1 This article represents the opinions of the author and not the official position of the European Union.

— reconciling a desire for the efficiency of aid to be measurable with the need for it to be put to good effect by our ACP partners.

This article looks at where the European Union and the ACP Group stand on this, taking stock of the situation before the developments of the negotiations on which the ACP-EU Council of Ministers embarked in Swaziland at the end of May.

Thoughtful pragmatism

Practically speaking, this is reflected in the Community's development policy in:

— an approach based on political dialogue;
— aid programming which ensures predictability;
— wide-ranging cooperation through a whole series of instruments designed to cater for the particular situations of all our partners, particularly those in collective contracts of the Lomé type;
— the joint management of cooperation, as laid down in the Convention;
— European Commission Delegations active in the field in each of the ACP countries;
— a mid-term review of Lomé IV reflecting a policy which has developed from a negotiated basis to give rise to a collective contract between two groups of countries to promote a global approach managed by joint institutions; This coincides with the appearance of a new deal in our approach to the role of aid in development.

A new deal

Community equations now have political considerations to take into account. Economic reform can be more difficult in free, democratic societies and, unless we are careful, democracy could well be discredited, sometimes even before it has had the chance to prove itself.

The results of three decades of development suggest that the role of internal politics and of trade and the international economic context is essential to the various performances of the developing nations, so the role of aid needs to be specified and relativised. It cannot be expected to make up for the absence of sound domestic policies or trade outlets. What it in fact has to do is help the countries that want to help themselves and, basically, help them help each other. This analysis of the European Union echoes that of the main donors on the Development Assistance Committee (DAC) in the Organisation for Economic Cooperation and Development (OECD).

A recent DAC development assistance handbook, published by the OECD in 1992, gives the Committee's recommendations for making aid work. It is the fruit of years of consultation among the aid organisations of the 21 members of DAC, with the additional benefit of contributions from the World Bank, the International Monetary Fund and the UN Development Programme, so it represents a point of view which virtually all the donors share.

The top priority is to gear aid to establishing the conditions which will make it efficient in political, economic and administrative affairs and to reduce the donors' involvement in implementing it. This means that administrative, economic and financial independence must be greater so that, increasingly, the distribution of the resources which aid supplies can be left to the national institutions and the machinery of the market.

And, with participatory development, it should be possible to win the firm support of the beneficiaries and to motivate them by actively involving them in the choice, design and running of development programmes.

Lastly, the coordination of donors, beneficiaries and international organisations is crucial.

The important thing is to improve the environment of aid.

The European Commission recently attempted to define the political and economic factors and administrative constraints which can slow the rate at which aid is financed.

Factors affecting this rate

First of all, there are all the constraints and difficulties which can occur when cooperation schemes are designed and run within a partnership — we shall return to these below — and there are also political and economic factors and management problems.

Politically speaking, it is perfectly logical that immediate payments are not triggered as soon as a new programme get into motion, for those programmes may be held back by political obstacles or a redefinition of national development priorities. In late 1993, for example, seven countries saw their aid (but not humanitarian relief) suspended, with ECU 1 million in programme resources and ECU 85 million in Stabex transfers frozen. And in 10 more, the highly desirable democratisation process created situations which delayed or upset the programming or implementation of the national indicative programmes.

Economically speaking, a deteriorating situation repercusses on the speed at which aid is implemented. So, to an ever-increasing extent, the launching and running of projects financed under the national indicative programmes are linked to prior changes in the economic policies (tax reforms, land reforms and the liberalisation of the prices of key products) which will affect their viability. And any difficulty or delay in actually ringing these changes may well affect the management of aid in this field.

The same goes for payments from the structural adjustment facility, which very much depend on the ACP States continuing to want to apply the reforms which they have undertaken, even in the case of quick-disbursing aid.

Management constraints

A project life cycle comprises a number of essential phases, running from identification through to evaluation, and the demands of them count for a great deal in the timetables of implementation and payments.

Some types of project, such as the vast integrated rural development programmes, are much slower and more difficult to run than others. And regional cooperation finance takes longer to appear because of the complexity of operations involving several ACP States at a time. Clearly, everything depends on how consistent the regions and their component countries are. It may be a case of negative consistency, with all the countries having the same problems to tackle, and it may be a case of positive consistency, in which they share similar comparative advantages, but, ideally, it should be sometimes one and sometimes the other. However, some regions may house national specificities such as to make regional planning, which is an exercise in synthesis, a much longer undertaking.

The average life of a project has lengthened over the past few years because of the greater complexity or complication of the various stages, with the desire to heighten the impact of schemes, guarantee their viability and cater for a whole series of things such as effect on the environment and involvement of the local people, particularly women, and ensure that the work is in line with sectoral and macro-economic policies.

With this in mind, the European Union began using a new method of project management early last year. This was the integrated approach, which treats a project as a series of stages, and is designed to facilitate implementation and monitoring. There are three guiding principles.

1. The same criteria of appraisal and the same references are used throughout the project cycle.
2. There are six key factors of viability at each stage — back-up policy, institutional management potential, appropriate technology, socio-cultural acceptability, environmental protection and economic and financial conditions.
3. The logical framework allows for systematic examination of all the key components of a project, for logical presentation of the interaction of these

components and the causal links and how to check them and for the definition of considerations outside the project which may affect its success.

This new approach should make for tighter discipline and greater consistency in the design and evaluation of schemes, for it is both standardised and flexible. But it does call for skill and motivation and for organisation and procedures.

Implementation and partnership

Partnership is a guiding principle of the Lomé Convention. Yet there are people who look at the problems that have occurred in applying the Convention over the years and claim that it is a thing of the past. There are two questions here. First, is it possible to reconcile the quality and effectiveness of aid when it comes to optimising the levels of external support and the capacity for absorption? Second, should we revise the co-management arrangements by handing the administration back to the Commission (which would in some cases only be *de jure* recognition of a *de facto* situation) or should we simplify project/programme management and concentrate on creating the institutional conditions which the recipient countries need if they are to run the schemes efficiently themselves? Should we move from a policy of donations to a contract approach? Should we go on helping the ACP nations, and the developing countries in general or should we help those who want to help themselves and who manifest the desire and give practical proof of doing so?

This — essential — debate goes far beyond Lomé policy alone, for it embraces all the ongoing discussions of development and the role of external aid, which many people hope to relativise.

Development, first and foremost, is an internal and intrinsically far-more-than-economic phenomenon. So of course it cannot be exported. There are no economic take-off kits on the market. And reactions vary. DAC is never tired of repeating that aid can never be more efficient than the environment for which it is provided.

When it comes to a sound approach to development, partnership is vital — and not just partnership between institutions, for the beneficiaries themselves must be involved in the design, management and evaluation of development schemes.

Then there are political constraints, and heavy ones. The national leaders of the Twelve want the Commission to produce tangible results in the matter of effective aid, starting by using up the finance quicker. And public opinion in general, whose interest in development is waning ("aid fatigue" is catching on ...) is also calling for practical results and is amazed to find that the money is not being spent, although developing country leaders are forever asking for more and sometimes being the unconscious parties to an argument which could play against them in the long run.

Then we have academics and developers discussing the relative role of aid. After years of thinking that development aid was supposed to reach its destination fast by taking all the short cuts, some people, such as former World Bank head Elliot Berg, are now maintaining that aid impairs political responsibility by reducing the needs to make vital choices, and that all the insistence on conditionality is clearly incompatible with internationalisation and the local management of reform. However, and going beyond any demagogic claims; it cannot be seriously denied that, with aid, global volume is more important than quality, which does not necessarily have anything to do with the speed at which funds are absorbed.

When it comes to the specific matter of relations between the European Union and the ACP States, the post-Fiji study (May 1993) highlighted various reasons for the dysfunction and delays of Lomé implementation. Some were related to procedures actually laid down in the Convention and some to the internal workings of both the Commission and the ACP authorities.

It is true that the successive institutional negotiations have focused mainly on the principles and form of Convention procedures rather than on devising efficient operational ways of applying those principles.

As to the internal procedures of each of the ACP partners, the Commission provides internal organisation arrangements and the Union undertakes to give its support to whatever institutional reforms the ACPs carry out.

The idea of the mid-term review of the Convention is (at least partially) to make a significant response to the need to improve both internal and joint procedures. Our analysis of this will be easier if we focus on two themes:

— a policy of donations and/or a contract approach;

— measurable effectiveness and/or qualitative internalisation.

A policy of donations and/or a contract approach

The first thing to do here is ensure. Then, it would be wise to affirm the need for policy dialogue and flexibility in programming. It would also be a good idea to review the implementation procedures and payment arrangements. And lastly, "encouraging" amounts of money would make it possible to develop the European Union's own cooperation strategy and expand its voluntarist side.

Flexibility in the allocation, management and distribution of resources among the various instruments

The European Union should consider the total — indicative — amount as an aim to be achieved by both parties. This would not involve any legal obligation to grant the corresponding funds automatically and would not prevent the ACP States from planning their development on a predictable basis (a first three-year instalment is proposed).

The Union proposes greater flexibility in the terms of the EIB's venture capital operations and in its granting of interest rebates on loans from its own resources.

Lastly, to prevent the sterilisation of what are quite considerable resources, the Union proposes that programme aid should be entirely grants, with no venture capital.

It hopes to reassert the need to convert some funds into emergency aid, humanitarian relief and aid to help with rehabilitation in times of civil war or the suspension of cooperation.

Distributing resources among the various instruments means examining the relative weight of each. The importance of each financial instrument can naturally be gauged, right at the start, from the size of the special allocation it gets under the Convention.

In practice, however, it is the rate of implementation which tends to determine the place which the instruments and it varies to their specific nature and aims.

Policy dialogue and flexibility in programming

The policy dialogue has provoked many a comment from observers of the Community's development policy.

To caricature the situation, we might echo the words of Edgard Pisani, the former Development Commissioner, who said that there were three ways of supplying aid. The first was to say: "Here's the money. Now you can do what you like with it." The second was: "If you do that, you won't get it,' and the third was: "We are building a wall together. We are both providing materials and joining forces to decide what the wall should look like and how it should be built." Community aid, of course, is the third one. The basic principle remains political dialogue, plus the policy dialogue which has come to join it, although, on the practical side, some Member States have suggested a more voluntarist approach to encourage regional integration along the ACP countries.

Implementation and co-management

The principle of programming as an instrument of the dialogue on policies is maintained here, although the rigidity of the present system has been seen to prevent the use of what can be large amounts of money in some cases.

This is particularly important in that the programming and implementation cycle of an EDF (European Development Fund) project can easily long outlast the five-year period of the successive Lomé Conventions, which is why the Commission manages several EDFs, at different stages of development, at one and the same time. In 1993, for example, schemes financed by the 5th EDF (set up under Lomé II in 1979), the 6th EDF (Lomé III, 1984) and the 7th EDF (Lomé IV, 1989) were all running together.

Programme aid is a key to ACP-EU cooperation, accounting for 65% of the total 6th EDF allocation and 57% of the 7th EDF.

On a more technical front, the European Union is proposing the limited adjustment of competences in the matter of financial and technical cooperation with a view to improving efficiency and speeding up the implementation of cooperation.

The Commission suggests who should carry out the studies for the preparation, appraisal and evaluation of operations and, if the ACP States agree, it then sets up and manages the study contracts.

The ACPs insist that their human resources be used more in EDF-financed projects and emphasise the obligation to involve the ACP States in choosing technical assistance, study and monitoring contracts.

"Encouraging" amounts of money

The European Union suggests that the aims of Community cooperation will be more efficiently pursued if there is a focus on a number of priority sectors, including institutional and administrative reform in the ACP States and capacity building.

Measurable effectiveness and/or qualitative internalisation

The European Union wants to diversify its partners to fight against the extreme centralisation on the EDF national authorising officer, possibly by setting up technical management units to run programmes and by boosting decentralised cooperation so as to promote local initiatives, including private ones, designed to create a basic democratic fabric. The Union says that, as soon as the ACP State and the Community sign a financing agreement fixing the framework for decentralised cooperation schemes, the recipients, firms included; will be able to make their applications for finance straight to the Commission.

The ACP States' position is fairly different here, since it maintains that it is up to each country to coordinate the programmes of all the decentralised cooperation operatives, using the arrangements prescribed for micro-projects. The ACP also have a restrictive definition of decentralised cooperation operatives, which they take to mean non-profit-making economic, social and cultural organisations.

In fact, boosting decentralised cooperation is fundamental to development and democratisation at grass roots level. It rightly aims at shedding doubt on the top-down approach, but it comes up against the ACP national authorities' resistance to the idea of losing control of the aid resources. As far as procedure is concerned, the approval of the EDF national authorising officer can reasonably be seen to be compatible with the independence of the decentralised operatives.

When it comes to institutional capacity and management, the Union suggests that the Convention will be more effective if the idea of good governance is an objective of cooperation.

The ACPs insist that decision-making powers be devolved onto the head of the Commission Delegation for:
— establishing the short list of consultants;
— approving the invitation to tender dossiers;
— awarding contracts;
— presenting payment orders direct to the delegated payers in Europe.

They also propose enhancing, under their own responsibility, the assistance given with the management of development programmes so that national authorising officers can use the indicative programme resources and/or counterpart funds on their own initiative to obtain the human and material means they need for the rational, efficient and sustainable management of EDF-financed projects and programmes.

Lastly, the Treaty of Maastricht should make for complementarity between the Member States and the European Union, possibly going as far as a new division of labour.

An ACP country may sign as many as 100 cooperation agreements every year, with more than 20 different funders and using different approaches and procedures. Some of them host 300 foreign expert missions in a single sector. And many of them depend on external aid, often for 100% of their investment budgets and well in excess of 50% of their operating budget. So coordination among the donors, and with the national authorities, is vital to enable the countries to plan ahead. And it all takes time! For the European Union, as much of the coordination is done in Brussels as at local level and as much of it is between Member States as with other donors, under the institutional supervision of the UNDP.

An updated Community development policy should bring some advantages here.

The current situation indeed leads to a dispersal of effort, a coordination gap between national and Community policies, an articulation gap between the Community's cooperation and other policies and a European expression/impulse gap in international circles and with other funders.

A renewed policy would make for:

— tighter coordination and greater compatibility with the other Community policies (CAP, the environment, fisheries, commercial policy etc.);

— tighter integration of the various instruments of the development policy (trade, commodities, official aid, private investments etc.);

— greater political effectiveness, with, in particular, greater weight for the Community in international circles;

greater effectiveness in the political dialogue with the developing countries by increasing the finance to a level whereby donors can be properly coordinated, in particular with institutions such as the World Bank and the International Monetary Fund.

Operationally speaking, efficiency can only improve in the standardisation of procedures and the management of development policy. And, with greater complementarity with any division of labour between bilateral sources and the Community, duplication can be avoided.

Lastly, there is nothing to say that such convergence might not give rise to an approach which is more developmentalist in the long term and less determined by economic interests alone, even mutual ones, in the short term.

As far as the Member States are concerned, the problem is more political than judicial. The question is not who is competent to do what, but what effect we can all have together.

Conclusion

This article outlines financial and technical cooperation as practised under the Lomé Convention. It is of course difficult to produce a synthesis of the desire for and quality of internalised cooperation and the political constraints on the efficiency of the aid, often perceived only in terms of the speed with which it is financed. But, very fortunately, there is more to the European Union's development cooperation than regulating flows of finance. So let the tree of current events not hide the forest of continuity.

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