

1. Introduction

In aid administrations, the seemingly technical debate about how to give aid has gained momentum. This debate is closely linked to the underlying question of why we give aid and to whom. We must first decide what we want to achieve; only then can we debate what instruments will be best used and finally reach a consensus on what instrument has been applied effectively. “Aid effectiveness” thus is far from technocratic; it is at the core of development policy.

In line with the general debate on aid effectiveness, question about the effectiveness of European aid have come to fore. The European Commission, like other donors, has internationally committed itself to more aid effectiveness. The Commission is, *inter alia*, a signatory of the Paris Declaration of 2005, after having been subject to very critical discussions about the administration of European aid in the past. This paper will attempt to critically summarise the state of reforms, with regard to how these have been influenced by and have an impact on aid effectiveness. The Union’s aid system has seen seven years of restructuring. It might be time to look at where we have got, how much we have learned, and how Member States —as part of the EU system— can support a strive towards more effectiveness of community aid.

Communitarised European development cooperation (DC), administered by the European Commission, traditionally has had a bad reputation for being inefficient and bureaucratic. This poor image is still around – at least in some Member States. This might be partly due to generalized prejudices about the Union as a remote Leviathan. General criticism of this sort often does not differentiate between policy areas —and all of us have vague memories of headlines associated with the agricultural policies of the 1980s, long EU summits or heated national debates about European food standards (on beer, ham, cheese, pasta, etc.— to each Member State its own). The resignation of the Commission under Jacques Santer after allegations of corruption and nepotism in 1999 has further dented the Commission’s reputation. To paraphrase, in relation to Commission behaviour in the late 1990s, it is easier to spoil an image than to rebuild it. Even if often exaggerated, criticism should not be brushed off *per se*. The fundamentally critical perspective is partly also due to negative experiences with European community aid.

However, we also have to consider a time delay in perception. Since Romano Prodi took over the helm of the Commission, reforms were high on the European agenda for development cooperation (EU Commission 2000a). The changes were aiming at improved administration of aid, efficiency and effectiveness of European external relations. Louis Michel in particular, the development commissioner since 2004 (in the Barroso Commission) has started to discuss and work on European aid effectiveness.

1.1. Origins of European aid

We have to recall that the EU¹ was not founded as an international development agency, contrary to, say, the World Bank group or organisations of the United Nations. International development cooperation is only a small part of its activities and its mandate. The starting point for European integration was much more an internal European matter: building trust and creating interconnectedness to prevent Europe from going to war again after the experiences of two world wars. This is more than “just” trade or common agricultural policy, and the EU might arguably have a broader message to disseminate. Yet, it means that development assistance is not the core of the EU’s business and the Union —until the 1990s— was mostly inward-looking. This legacy of “navel-gazing” has only recently started to be overcome.

Even though common European development cooperation dates back to the EEC’s foundation, it is a relatively young policy competency of the Commission. From the very start of the European integration endeavour in 1957, the then Member States established a fund for development of countries or regions beyond the EEC, the European Development Fund. However, this was a purely multilateral fund, aiming at addressing the consequences of creating a common European market, while at the same time initializing some sort of financial “burden-sharing” among then-colonial powers and non-colonial states in Europe. The role of the Commission was restricted to being a trustee of Member States’ monies.

Only since 1993 does the European Union have a distinct treaty mandate for development cooperation. This competency, according to the Treaty of Maastricht, shall complement the activities of Member States in this policy area (article 177 Treaty of the European Community, TEC). This formulation has not been substantially amended ever since: not in Amsterdam (1999), Nice (2002), or in the failed Constitution or the Lisbon reform treaty of October 2007. All these subsequent documents (or rather: in case of Lisbon, successors-to-be; ratification could become difficult) have confirmed the shared competency of Community and Member States in development cooperation in substantially the same wording.

Therefore, when discussing the Community development policy, we are —at least for a foreseeable period— not talking about a centralization of competencies in the Commission or a creeping power shift in favour of “Brussels”. Member States still have bilateral relations with developing countries and the lion’s share of their aid is used bilaterally. And even more so, new EU Member States are required to establish their own bilateral aid programmes in the process of acceding to the EU. This is not just about funding the community programme, as one might expect, but establishing a bilateral programme. De facto, full communitarisation of aid or renationalisation of competencies in this field are not on the table. The possibility —and arguably the likelihood— of “Europeanisation”² notwithstanding, we are discussing the effectiveness of European community aid and the value-added of having European development cooperation. Debates are more on the how (the EC gives aid) than on a fictional if (it should give aid at all).

Readers of this paper, however, should get an initial ‘health warning’ on the following text in that we are discussing a ‘moving target’. Reforms in this field are still ongoing; they often have happened at policy level, but have not necessarily always all been implemented or resulted in change at all levels. Nor have they necessarily resulted in the required change for the recipient of European aid. Therefore, rather than being able to state a ‘final truth’ or ‘hard evidence’, we will depend on statements about the direction of change and how this might impact on effectiveness of common European development cooperation.

¹ This text uses the terms European Union (EU) and European Community (EC) interchangeably. There is a legal distinction between both bodies. Whenever there are implications for these distinctions, this will be noted within the specific context concerned.

² The term “Europeanisation” in the debate usually refers to the agreement on common standards and procedures for all European aid, including that of Member States, without centralising powers.

1.2. Evidence on European aid – Sources of information

Given the complexity of European aid, it is striking how late structured information about it has been sought and has been provided. Only for the last decade or so can we draw on periodically or regularly updated publications by the EU itself as sources of information on European development assistance – and on its effectiveness.

1.2.1. The Commission sources

Since 2001, EuropeAid —the agency in charge of implementing all EU external cooperation policies— presents an annual report on the European Community development and humanitarian assistance. EuropeAid's evaluation unit is responsible for all funds administered by EuropeAid itself, but also for the Directorates General on Development and on External Relations. The unit in the first place is mandated to deal with methodological questions of the regional and sector programmes, as well as their procedures; it is not, however, responsible for single-project evaluations. The latter are subject to procurement procedures (calls for tender) and are often available on EuropeAid's website.

Already in the EC's annual report of 2005 (reporting on activities in 2004) a special feature was included on aid effectiveness, to be picked up on below. The latest annual report by EuropeAid on the European Community's Development Policy and Implementation of External Assistance in 2006 particularly features policy coherence, improved strategies and procedures, as well as aid effectiveness. Points highlighted in the report on 2006 are: the EU donor atlas as a regular mapping of EU aid; budget support as a way to align to use partner countries' systems (as demanded by in the Paris Declaration), and the support to UN trust funds as a means to improve coordination of aid. The latter is particularly challenged by some Member States, as it is not clear why the EU would be needed to channel funds to the multilateral through its budget. This does “buy” the European Commission a specific “voice” at the table in the respective institutions. When arguing along the (admittedly narrow) line of poverty reduction, funds are used inefficiently, as the additional interlocutor is superfluous. It would be equally possible —and more efficient— to channel bilateral funding directly to the respective multilateral organisation or fund. There might be a conflict of agendas. This is not to say that “buying a voice” at certain tables is beyond justification for the intermediate effectiveness of the aid system as a whole – far from it. However, it is a different agenda than the immediate effectiveness of European aid.

Statements about European community aid effectiveness are also made in the so-called mid-term review of the Cotonou Agreement, reporting on projects, sector activities or country programmes/strategies. Furthermore the Commission participated in a joint donor evaluation on its aid instruments such as budget support.

1.2.2. Independent sources of information

Beyond the Commission services' own reports, the European system of checks-and-balances provides for an independent reviewer: the European Court of Auditors. The Court of Auditor —also checking on EDF funds, not exclusively Community funds from the budget— provides critical information on a number of issues. We —inter alia— can find a special report on budget support to ACP-States or a special report on administrative change towards more decentralized decision-making by Commission Delegations in partner