

## Evaluation of the EU aid delivery mechanism of delegated cooperation (2007-2014)

Recommendations	Responses of Services	Follow-up (one year later)
<b>RECOMMENDATIONS AT POLICY LEVEL</b>		
<p><b>1 – The Delegated Cooperation (DC) policy framework should be revised. More realistic and clear objectives should be set</b></p> <p>The objectives of DC need to be redefined in line with the evolving aid effectiveness agenda (see recommendation 2) and in particular in line with the operational evolution of this aid delivery mechanism on the ground.</p> <p>Some key features of DC, such as co-financing or use of comparative advantage, need to be better defined and reaffirmed to improve its operational efficiency. They should be redefined if DC is to achieve its envisaged broader objectives related to the aid effectiveness agenda (see also recommendation 5).</p> <p>In addition there is a need to clarify the distinction between DC as a tool to support inter- and intra-sectoral division of labour.</p>	<p><b>Agree</b></p> <p>DC must be fully re-based on development effectiveness principles and comparative advantage. The evaluation correctly noted many of the dimensions were not tackled or only indirectly affected by DC operations.</p> <p><b>Action</b> – DEVCO to review the policy framework of DC in the context of the ongoing work on joint implementation, an important element of the EU and MS working better together foreseen in the forthcoming new Consensus on Development<sup>1</sup>. This implies a more strategic use of DC that takes account of the development effectiveness principles. The role of DC will be further clarified based on the work on joint programming and joint implementation.</p>	<p>DC has been interpreted/is being interpreted been read by some EUMS implementing agencies (particularly those of smaller, mid-size countries) as a way to increase funding streams from the EU (also within the context of decreasing internal resources). In some cases this may lead to competition from EU Member States for EU resources. While this may contribute to development effectiveness principles (since competition leads to better project value), it is antithetical to the 'we are in this together' approach of joint programming.</p> <p>It is indeed important to have a clarified policy framework. In Palestine, in the context of joint programming, the guiding principles are that a) when opting for DC the EUMS has to put also its own funds (DC as a way to implement joint implementation) and the EUMS has to have a comparative advantage (EU lead in a sector or track record in a sector).</p>

<sup>1</sup> <http://www.consilium.europa.eu/en/press/press-releases/2017/05/pdf/European-consensus-on-development/>

		It would help Delegations if similar messages are passed from Brussels to the Headquarters of these agencies.
<p><b>2 - DC needs to be adapted to the evolving EU aid effectiveness agenda</b></p> <p>DC needs to take account of certain aid effectiveness initiatives such as Joint Programming and other financing instruments which were not present at the time DC was established.</p> <p>In addition, the new Communication to replace the 2005 European Development Consensus should be taken into account.</p> <p>This reflection is particularly relevant in a development context where new issues emerge (climate change/migration) which are non-sectoral by nature.</p>	<p><b>Agree.</b></p> <p>DC should serve the development effectiveness agenda and be used more strategically as a modality contributing to the objectives of EU development policy, including progress towards the SDGs.</p> <p>Joint Programming where it exists creates a favourable framework for effective division of labour and implementation arrangements such as DC. DC could contribute to a strengthened EU and EU MS coordination on policy dialogue.</p> <p>The 2016 Council Conclusions on stepping-up Joint Programming called on the Commission services and the EEAS to continue promoting EU and Member States-financed joint implementation activities. In this sense, <b>joint implementation (which includes DC)</b> can be facilitated by Joint Programming and it can become a concrete outcome of this process<sup>2</sup>. It can also work the other way around, by supporting a bottom-up process to facilitate Joint Programming and other strategies towards partner countries.</p> <p>However, <b>joint implementation</b> also exists in partner countries where there is no Joint Programming process in place. Additionally, <b>joint implementation</b> can go beyond 'programmable aid' (e.g. in the case of EU Trust Funds).</p>	<p>EUREP looks forward to receiving reviewed guidance on DC by DEVCO.</p> <p>See reply to point 1 with regards to what should be part of the guidance in our view (joint implementation in terms also of pooling of funds to be implemented via DC; value added).</p>

<sup>2</sup> See [Council conclusions on Stepping-Up Joint Programming](#): "Efforts to reduce fragmentation and promote coherence and synergies between the EU and the Members States should also be part of the implementation phase".

	<p>At the same time, one should be aware that even a reformed DC might not be the right tool to answer all new challenges. DC has to be reviewed/ assessed using an objective system to compare it with other possible aid modalities.</p> <p><b>Action 1:</b> DEVCO to review guidance on DC in the context of its broader work on Joint Implementation. This should also take account of lessons learned from using DC vs. other types of aid modalities and co-financing mechanisms.</p> <p><b>Action 2:</b> the revised guidance will also aim at increasing compliance of DC with the development effectiveness principles.</p>	
<p><b>3 - DC should be more explicitly geared towards strengthening the partnership between the EU and the Member States, taking into account the interest of the various stakeholders</b></p> <p>A broad and representative group of Member States should be involved in the re-design of the DC instrument, both at the strategic and operational levels.</p> <p>The active involvement of a broad group of Member States would also require the set-up of a new consultation mechanism not restricted to the limited group of DA (Delegation Agreement) partners. In this way, the interest of Member States that have to date hardly been involved in DAs or TAs (Transfer Agreements) might be enhanced.</p> <p>The new consultation mechanism would also allow discussions on fundamental issues such as the</p>	<p><b>Partially agree</b></p> <p>In line with the increased emphasis on more comprehensive policies and Joint Programming by the EU and the Member States, DC could be turned into a stronger joint instrument.</p> <p>DC should be re-assessed in the light of developments in the concept and operationalization of joint implementation; in particular through existing platforms and channels, including all levels of administration (policy /geographical directorates and implementing agencies) and all EU MS.</p> <p>Under the financial and procedural points of view we need to take into account that:</p> <p>Delegated Cooperation is implemented through, as regards delegation from the EC to MS, Indirect Management and Grant contracts and, as regards</p>	<p>EUREP would welcome workshops at the local level to inform EUMS about the possibilities of DC.</p>

<p>limited interest of Member States to contribute to TAs on top of their regular contributions to the EU institutions.</p>	<p>delegation from MS to EC, through assigned revenue<sup>3</sup>. The contractual forms of these modalities are, respectively, the Pillar-Assessed Grant or Delegation Agreements (<b>PAGODAs</b>) and the Transfer Agreements (TA)<sup>4</sup>.</p> <p>These implementation modalities, as well as assigned revenues, are framed by the Financial Regulation and the Regulations of External Actions (namely the CIR). This legislation binds both the EC and EU MS; any discussion on Delegated Cooperation should also take this into account.</p> <p><b>Action 1:</b> DEVCO to hold a (series of) workshops with EU MS on joint implementation with a focus on new ways to do delegated cooperation and role of "smaller donors" among EU MS</p>	
<p><b>4 – With a view of strengthening the partnership between the EU and Member States more reciprocity between DA and TA partners should also be ensured</b></p> <p>The EU should be better aware of and act upon the differences between the various DA and TA partners.</p> <p>The revised policy framework with realistic objectives (see recommendation 1) should in particular ensure more reciprocity between contractual requirements for DAs and TAs in terms of assessment, management fees, reporting on implementation and visibility requirements.</p>	<p><b>Disagree</b></p> <p>We disagree with the recommendation that improving partnership has to go through more "reciprocity" between Delegation Agreement and Transfer Agreements partners.</p> <p>While we agree on a balanced approach, so that Delegated Cooperation is not a "one-way street" (in terms of direction of funding), as regards contractual requirements of PAGODAs vs TA, including the pillar assessment requirements, one should not forget that the implementation of EU funds by the EC is duly framed by the Financial Regulation, which is a legislative act adopted by the Council (representing MS) and the EP. Hence, when the report states that "the Commission has not paid sufficient attention to", one should take into consideration that in most cases</p>	

<sup>3</sup> in accordance with Article 21(2) Financial Regulation (FR) and Article 9(2)(a) 11th EDF Regulation (COUNCIL REGULATION (EU) 2015/323 of 2 March 2015)

<sup>4</sup> <http://ec.europa.eu/europeaid/companion/document.do?nodeNumber=3.1> for more information on existing rules

	<p>the Commission is applying the financial rules that MS have imposed to the EC through the adoption of the different EU rules and regulations. This applies, for instance, to the pillar assessment.</p> <p>The MS, including their agencies, have mechanisms to obtain information from the EC, as Members of the EU and through their participation in the e.g. different committees; whereas such mechanisms do not exist for the EC as regards implementation by agencies.</p> <p>As regards management fees, TAs (around max 4%) are lower than PAGODAs (max 7%).</p>	
<p><b>5 – The tension between encouraging visibility and aid effectiveness principles should be addressed</b></p> <p>Visibility requirements should be carefully assessed, in order to limit the tension between visibility and aid effectiveness.</p> <p>A shift of focus, away from banners, billboards and logos towards a stronger focus on joint activities, such as conferences or knowledge sharing events should be considered.</p>	<p><b>Partially agree</b></p> <p>While we do not find this recommendation relevant as it is not clearly expressed or justified in the report (the tension seems to come from a limited number of project analysed), we will work to strengthen visibility while ensuring respect of development effectiveness principles (notably, ownership).</p> <p><b>Example of actions/mitigating measures:</b> DEVCO will explore the following possibilities with EU Delegations (in coordination with geographical units): 1) increase joint EU+EU MS visibility; 2) give better visibility to the EU MS that make available resources to the EC (and conversely, to the EC when the EC provides resources); 3) recommend joint technical missions; 4) recommend joint visibility/communication actions at the level of Heads of Mission</p>	<p>EUREP actively pursues all actions and mitigating measures and is working to increase joint visibility of actions, including through a dedicated budget.</p>
<p><b>6 – The operational instructions of DC should be</b></p>	<p><b>Agree</b></p>	<p>EUREP looks forward to receive revised</p>

<p><b>revised, in particular for co-financing</b></p> <p>Particular attention should be paid to better outlining the logical links between the new realistic objectives of the DC instrument and the related (revised) outputs and outcomes of DC (see recommendation 1). The implication is that the DC assessments forms should also be made more specific in that regard.</p> <p>The instructions should pay attention to limiting the transaction costs of preparing DC agreements to a reasonable level.</p> <p>Co-financing, and in particular joint co-financing, should be presented as a mandatory characteristic of the DC instrument.</p>	<p>DC must not be intended solely as a pragmatic arrangement, focused on matching higher disbursement objectives by the EU and possibility to delegate workload with specialised knowledge by MS in presence of limited ODA.</p> <p>It will be strengthened by a proper strategic approach.</p> <p>At the same time, we should be careful not to overload DC with higher technical /contractual/monitoring requirements which would make it impossible to manage (we do record EU MS complaints on this), so the comment on transaction costs of preparing DC agreement is valid.</p> <p><b>Action 1:</b> DEVCO to revise and improve assessment process and forms in view of making the links with objectives/results/outcomes more explicit. (e.g. improve DC assessment forms used in Quality Support Groups)</p> <p><b>Action 2:</b> DEVCO to discuss with EU MS how to better align operational /project cycle management requirements between the EU and EU MS</p> <p><b>Action 3 –</b> DEVCO to consider how to reinforce co-financing conditions in the instructions / Companion as a way to increase additionality (the project would not be carried out if only based on MS resources) and to improve ownership by the delegatee on process and results (while allowing for exceptions)</p>	<p>operational instructions.</p>
<p><b>7 – More consideration should be given to aspects that are important to partner countries such as systems alignment and ownership</b></p> <p>When designing DCs at country level, more</p>	<p><b>Partially agree</b></p> <p>Alignment and ownership are key for sustainability of results and should be further enhanced.</p>	<p>EUREP looks forward to receiving reviewed guidance on DC by DEVCO.</p>

<p>attention should be required to assess the possibility of using local systems in order to achieve more sustainable results.</p> <p>More consideration should be given to systems alignment and ownership in the operational guidance (with incentives or instructions to sub-delegate and use the systems of the partner country); one implication being that operational obstacles/challenges discouraging the use of sub-delegation in DC is reduced.</p>	<p><b>Action:</b> this is covered under Recommendation 2, Action 2</p>	
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(\*For details on the recommendations please refer to the main report – page 96-99)