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## Information and Notices

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## I

(Information)

## COMMISSION

ECU (\*)

24 August 1984

(84/C 224/01)

Currency amount for one unit:

Belgian and Luxembourg franc con.	45,1049	United States dollar	0,778577
Belgian and Luxembourg franc fin.	45,5662	Swiss franc	1,86096
German mark	2,23568	Spanish peseta	127,998
Dutch guilder	2,52142	Swedish krona	6,46959
Pound sterling	0,595698	Norwegian krone	6,43767
Danish krone	8,14002	Canadian dollar	1,01090
French franc	6,86472	Portuguese escudo	117,409
Italian lira	1384,12	Austrian schilling	15,6961
Irish pound	0,724932	Finnish markka	4,70066
Greek drachma	89,5597	Japanese yen	187,598
		Australian dollar	0,909022
		New Zealand dollar	1,55312

The Commission has installed a telex with an automatic answering device which gives the conversion rates in a number of currencies. This service is available every day from 3.30 p.m. until 1 p.m. the following day.

Users of the service should do as follows:

- call telex number Brussels 23789;
- give their own telex code;
- type the code 'cccc' which puts the automatic system into operation resulting in the transmission of the conversion rates of the EUA;
- the transmission should not be interrupted until the end of the message, which is marked by the code 'ffff'.

*Note:* The Commission also has an automatic telex answering service (No 21791) providing daily data on calculation of monetary compensatory amounts for the purposes of the common agricultural policy.

(\*) Council Regulation (EEC) No 3180/78 of 18 December 1978 (OJ No L 379, 30. 12. 1978, p. 1).  
Council Decision 80/1184/EEC of 18 December 1980 (Convention of Lomé) (OJ No L 349, 23. 12. 1980, p. 34).

Commission Decision No 3334/80/ECSC of 19 December 1980 (OJ No L 349, 23. 12. 1980, p. 27).  
Financial Regulation of 16 December 1980 concerning the general budget of the European Communities (OJ No L 345, 20. 12. 1980, p. 23).

Council Regulation (EEC) No 3308/80 of 16 December 1980 (OJ No L 345, 20. 12. 1980, p. 1).  
Decision of the Council of Governors of the European Investment Bank of 13 May 1981 (OJ No L 311, 30. 10. 1981, p. 1).

**Communication of Decisions under sundry tendering procedures in agriculture**

*(See notice in OJ No L 360, 21. 12. 1982, p. 43)*

(84/C 224/02)

Standing invitation to tender	Weekly invitation to tender	
	Date of Commission Decision	Maximum refund
Commission Regulation (EEC) No 1446/84 of 25 May 1984 opening an invitation to tender for the levy and/or refund for the export of common wheat to countries of zone IV c) and d) (OJ No L 140, 26. 5. 1984, p. 9)	—	No tender received
Commission Regulation (EEC) No 1447/84 of 25 May 1984 opening an invitation to tender for the levy and/or refund for the export of common wheat to countries of zones I, II a), III, IV a) and b), V, VI, VII, the German Democratic Republic and the Iberian Peninsula (OJ No L 140, 26. 5. 1984, p. 12)	23. 8. 1984	13,50 ECU/tonne
Commission Regulation (EEC) No 1604/84 of 6 June 1984 opening an invitation to tender for the levy and/or refund for the export of barley to countries of zones I, II a), III, IV, V, VI, VII a), VII c), the German Democratic Republic and the Iberian Peninsula (OJ No L 152, 8. 6. 1984, p. 36)	23. 8. 1984	24,99 ECU/tonne
Commission Regulation (EEC) No 1768/84 of 25 June 1984 on a special intervention measure for common wheat in Greece (OJ No L 166, 26. 6. 1984, p. 13)	—	No tender received

**Commission communication pursuant to Article 115 of the EEC Treaty**

(84/C 224/03)

The Commission, by Decision of 22 August 1984 pursuant to Article 115 of the EEC Treaty, has rejected an application by the Italian Republic for authorization not to apply Community treatment to imports of products falling within subheading No 50.09 A of the Common Customs Tariff, originating in the Peoples' Republic of China and in free circulation in the other Member States.

# COURT OF AUDITORS

## SPECIAL REPORT OF THE COURT OF AUDITORS

### on the coordination of Community aid to third countries

*(Observations, Article 206 a of the EEC Treaty)*

(84/C 224/04)

This report was adopted by the Court of Auditors at its meeting of 14 March 1984, in application of Article 206a of the EEC Treaty. The report had previously been sent to the Commission on 20 July 1983 for comment; the replies of the Commission are attached.

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## INTRODUCTION

1. All the bodies dealing with development problems would like the aid they manage to be more effective. There is a general agreement that effectiveness depends on a better coordination of their work, as closer coordination between the various donors would prevent costly delays in attaining aims, avert wastage and unnecessary duplication of available resources and improve the quality of the measures under consideration. This concern for better coordination ought to exist at each stage of the implementation of projects, when they are designed, planned and implemented, and when information on their ex post evaluation is exchanged.

2. The various forms of public aid undertaken by the industrialized countries and the specialized international organizations could offer an ideal area for greater cooperation between donors and recipients. An improvement in cooperation is particularly necessary as the total volume of bilateral and multilateral public aid is not very great since in 1981 it totalled only 32 thousand million dollars, or half the budget of a country such as Belgium. Of all the questions dealt with by these bodies, however, the problem of coordination still numbers amongst those whose solution seems the most remote. On several occasions the Development Assistance Committee (DAC — OECD) <sup>(1)</sup> has placed 'coordination between donors' on its agenda, but its members have always been reluctant to follow this up in practice.

3. During its audits based on records or performed on the spot, the Court of Auditors has found a number of specific cases of lack of coordination or of projects whose initial coordination or planning was not subsequently respected, which resulted in money and time being wasted. The examples observed by the Court show that coordination may be lacking at all levels and at all stages of aid operations. However, these examples should not, by making a hasty generalization which would be inaccurate, lead to outright criticism of the Community's development aid, which is greatly appreciated in the various circles concerned.

4. The Court has in this way noted shortcomings in coordination:

- within the Commission,
- between the Community and the recipient country,

- between the Commission and the European Investment Bank (EIB),
- between the Commission and the Member States,
- between the Community, the international organizations and the other donors.

The inadequate attention paid to the lessons learnt from similar operations carried out in the past is a separate form of poor coordination.

5. A number of factors make the coordination of aid difficult, in particular:

(a) *the multiple sources of finance:*

The effectiveness of measures is hampered by the large number of national and international aid bodies, because no effort is made to seek ways in which the operations financed by these various organizations may complement each other, and sometimes even because of the incompatibility of the policies regarding cooperation. This applies even at the strictly Community level since there are two bodies for managing aid: the Commission and the EIB;

(b) *rivalry between financial backers:*

Development cooperation is not always free from ulterior motives of a purely political and economic nature, which are apparent in the choice of projects and of recipient countries;

(c) *the diversity of the procedures:*

This is a result of both the nature of the bodies (financial establishments, national agencies responsible to a ministry) and the institutional system governing them;

(d) *the large number of advisory groups, clubs or multilateral agencies:*

Apart from the multilateral agencies which give aid and aspire to act as coordinators (FAO, WFP,

<sup>(1)</sup> The abbreviations used are given in full in Annex 1 to this report.

UNHCR), there are advisory groups for particular countries, such as those of the World Bank, the Sahel countries' group, or the clubs, such as 'Interact' which brings together representatives of the European financial institutions. In addition, the ACDA ('Association concertée pour le développement de l'Afrique' — 'Joint Association for African Development'), has been formed, which also has undertaken coordination at sectoral level;

(e) *the lack of information:*

The reason behind most of the shortcomings in good management of resources is the lack of information available to the aid administrators, which leads to the left hand not knowing what the right hand is giving; it also restricts the field

of aid projects to the particular experience gained by each organization.

6. In the part of this report entitled 'Recommendations', the Court suggests some measures for countering this inadequate exchange of information and experiences, particularly by using modern data-processing methods.

6. (a) Nevertheless, the Court wishes to point out that the failings or inadequacies in coordination are clearly not solely the fault of the Commission, but also that of the other parties concerned. The Commission has taken steps to improve coordination with other donors, particularly with funds provided by Arab countries, but the Court considers that a real improvement cannot be made until the coordination finally becomes systematic and institutionalized.

### COORDINATION AT PRESENT

#### COORDINATION OF AID SUPPLIED UNDER THE EUROPEAN DEVELOPMENT FUNDS

##### Coordination within the Commission

7. Most of the measures financed by the European Development Funds (EDF) are managed by the Directorate-General of Development of the Commission. Closely linked to this Directorate-General are the EAC (European Association for Cooperation) and the Commission's external delegations, operating in a large number of associated countries. Article 123 of the Second Lomé Convention and the Financial Regulation applicable to the Fifth EDF lay down the rôle and responsibilities of the delegations in relation to the Commission and the recipient State.

This system of overlaps and dependences should lead to a working-level coordination of the operations envisaged, and this is usually the case. The Court has however found exceptions to this rule and has noted cases of easily-avoidable inadequacies in coordination, the projects in question having been carried out by administrative units which are supposed to implement the same policy under a single authority. Instances of poor coordination also exist between the bodies directly dependent on the Commission, in particular between EEC operators working in different — although possibly neighbouring — countries.

#### Coordination between the Community and the recipient country

8. Coordination at this level is provided for in the legislation. For example, Article 109 (3) of the Second Lomé Convention states that: 'An indicative programme shall be adopted by mutual agreement between the Community and each ACP State ...' Also, Article 112 (1a) stipulates that: 'Project and programme appraisal shall be undertaken in close collaboration between the Community and the ACP States or any other beneficiaries.'

9. It is however apparent from many examples that ultimately coordination, even when provided for, is frequently not followed up in practice. The chief reason for this is the inability of the recipients' administrations to cope with the influx of aid and to channel it within their country. Moreover, in order to receive aid, many countries are willing to accept conditions, which they will be unable to fulfil. Lastly, the diversity of the procedures with which the recipient countries have to cope adds to the burden on their administrations and makes coordination difficult.

#### Coordination between the Commission and the European Investment Bank (EIB)

10. Since the Second EDF the EIB has managed certain special loans, the recovery of all loans and, since the Third EDF, risk capital, on the basis of a

mandate from the Commission. Under the Fourth and Fifth EDFs, this practice was extended to interest-rate subsidies, but the Commission has resumed management of the special loans. It should also be pointed out that, in respect of the cooperation agreements with the countries on the southern and eastern sides of the Mediterranean, the EIB, as holder of a mandate, assumes an impressive share of the Commission's powers of management over the appropriations entered in the general budget of the Community.

11. The agreements between the Commission and the EIB stipulate in particular that:

- 'the Commission and the Bank shall provide each other with appropriate information on the requests made to them for finance ...',
- 'the Commission and the Bank shall keep each other informed of the progress made in appraising requests for finance'.

12. The Court of Auditors has noted numerous instances of failure to adhere to these agreements, which are moreover not solely concerned with the appraisal stage. The virtual absence of any coordination between the Commission and the Bank is even more apparent in the implementation stage of the project. It is paradoxical to note, for example, that in many agro-industrial projects where the agricultural side is managed by the Commission and the industrial side by the EIB, the two Community bodies ignore each other and carry out their part of the work completely independently. Even the Commission delegations on the spot are not competent and are informed only about the part managed by the Commission.

#### Coordination between the Commission and the Member States

13. This coordination is based on a Council resolution of 16 July 1974 entitled 'Harmonization and coordination of Member States' cooperation policies' (1). As a follow-up to this resolution, the Commission's communications to the Council of 5 March 1975 and 7 July 1976 (1) define the objective of the coordination and propose a programme of measures to be taken.

This programme of measures follows from the recommendations, contained in the 1974 resolution, for the implementation of coordination, which aim to:

- (a) increase the exchanges of information and experience;

(1) Translator's note: since these texts exist only in French, the quotations taken from them are translated freely.

- (b) encourage mutual consultation on aid policies;
- (c) study projects of common interest;
- (d) hold mutual consultations on the positions to be adopted by the Member States and the Community in the international organizations;
- (e) cooperate with the international organizations dealing with development aid.

14. The 1974 resolution and the documents which followed it constitute the only texts which really tackle the problem of coordination and define its essential aim, which is 'to increase the effectiveness of the various measures concerning development cooperation'. The Court has nevertheless found that, for the most part, the existing texts deal only with coordination between the Commission and the Member States and disregard coordination with the other bilateral and multilateral donors. Furthermore, these texts focus mainly on political coordination and pay scant attention to technical coordination. The manner in which this technical cooperation with the Member States is carried out has been studied by the Court at a number of stages of the projects' execution:

- (a) *at the stage of the general selection of the projects:*

Article 15 of the Internal Agreement concluded on 20 November 1979 between the Member States within the framework of the Second Lomé Convention states in particular that:

- the Member States 'shall notify the Commission of any bilateral aid, which has been granted or which is envisaged',
- 'each Member State and the Commission shall periodically bring such information up to date ...' and 'shall provide each other with available data on other bilateral, regional and multilateral aid granted to or proposed for the ACP States ...'.

Except for the Federal Republic of Germany, the Member States do not provide the Commission with their programmes of bilateral aid which has been granted or is envisaged. Similarly, neither the Commission nor the Member States exchange the information they collect on bilateral and multilateral aid;

**(b) at the stage of identifying the projects:**

Since the Second Lomé Convention, the indicative programme of aid adopted by the Commission for a particular country is expressed in very general terms. The Commission later draws up a detailed profile note for each project as it is identified.

These profile notes, which give all the details about the project to be financed, are sent in batches to the Member States for information and for their reaction.

The other donors (for example, the World Bank, USAID, etc), on the contrary, are unfortunately not informed about these projects.

The purpose of these project profiles is to ensure better:

- *coordination*: they enable the Member States to inform the Commission of their experiences concerning the project, of any studies which may already have been made, of the presentation of the project for financing by a Member State, of their interest in co-financing. The profiles also help to avoid the possibility of the Member States and the Commission competing unwittingly for the same financing,
- *information*: they enable the Member States to inform the industrial companies of the projects which the Community intends to finance, and enable these companies to prepare for taking part in calls for tenders.

The Court has noted the importance attached to these profiles by the aid managers in the Member States. They would, however, prefer to receive them singly rather than in batches.

It is regrettable, on the other hand, that there is no similar flow of information from the Member States to the Commission, and there are no exchanges with the other donors;

**(c) at the stage of the financing decision:**

Good coordination may be said to exist at this stage through the compulsory consultation with the EDF Committee, in which all the Member States and the EIB are represented;

**(d) at the execution stage:**

At this stage there is no coordination, except where a problem arises between an EDF project and that of a Member State. The Court has noted, during its study of project files, that virtually no exchanges of views occur on projects of the same type which are already under way and financed by different donors in the same country;

**(e) at the stage of analysis of the results:**

The Commission and the Member States only occasionally evaluate their projects once completed and when they do so, they do not exchange the information thus acquired. Good and bad past experiences are neither collected nor, therefore, profited from.

**Coordination between the Community, the international organizations and the other donors**

15. This may be studied from several points of view:

**(a) Coordination in general**

The Community texts and documents say nothing about coordination between the development aid of the European Community and that of the international organizations or other donors. It seems paradoxical that the donors (especially those belonging to the DAC) have succeeded in determining common development aid objectives but have not succeeded in implementing the means (such as coordination) for attaining these objectives.

Although no formal, institutionalized coordination exists, there are attempts at coordination, in certain cases, between the European Community, the international organizations and the other donor countries. According to the type of aid, endeavours are made to coordinate or, most frequently, to exchange information on their mutual programmes. For example, the Commission attends a meeting with the World Bank on average once a year; it also participates in certain of this Bank's consultative groups which are responsible for particular regions or countries; lastly, it encourages its delegations operating in

certain recipient countries to coordinate, at their periodical meetings, the various programmes implemented locally.

(b) *The special case of co-financing*

Article 98<sup>(1)</sup> of the Second Lomé Convention clearly emphasizes for the first time the need for coordination between donors in co-financing. By the force of circumstances, parallel co-financing (each donor finances part of a project independently) and even more so, joint co-financing (all the financing is pooled) create conditions favourable to the coordination of aid from various donors.

Co-financing operations often make it possible to simplify procedures and to use ones which are tried and tested, especially when a project leader is appointed to coordinate or take responsibility for a project's operations.

(c) *Coordination between the Community and the non-governmental organization (NGO)*

Initiatives have been taken by the Commission in this context. This has resulted in 300 European NGOs organizing and forming themselves into groups for the purposes of coordination. It was thus that the following bodies were created:

- the NGO's General Assembly which meets once a year in Brussels under the auspices of the Commission,
- the Liaison Committee, an offshoot of the General Assembly, which meets regularly to discuss questions regarding relations between the NGOs and the European Community.

Since 1980, the authority of these two bodies has been increased owing to the organization of national assemblies of NGOs in each Member State and the election of delegates from these national assemblies to both the General Assembly and the Liaison Committee.

<sup>(1)</sup> *Article 98*

With the agreement of the parties concerned, and without prejudice to the particular rules of each financing institution, necessary measures shall be taken to coordinate and harmonize operations of the Community and of the other co-financing bodies during the preparation and implementation of the project or programme being co-financed, in order to avoid an increase in the number of procedures to be implemented by the ACP States and to allow those procedures to be made more flexible.

## COORDINATION OF FOOD-AID MEASURES

### Coordination within the Commission

16. The implementation of food-aid measures is the responsibility of various departments of the Directorate-General for Development (DG VIII) and the Directorate-General for Agriculture (DG VI). Since there are no texts defining procedures for coordination, it is possible for there to be only informal coordination through exchanges of information or consultations between administrators.

17. As a result of this and given that communication is often slow, it sometimes happens that within one and the same Directorate-General no administrator has an overall view of the measures undertaken within one field.

### Coordination at international level

18. This coordination is based on the Food Aid Convention<sup>(1)</sup>, Article III of which states that the Food Aid Committee, composed of the countries party to the Convention (including the EEC and its Member States), 'shall receive regular reports from member countries on the amount, content, channelling and terms of their food-aid contributions under this Convention'. The proposal for food-aid programmes submitted to the Council, however, are drawn up by the Commission without any prior, direct discussions with the Member States or the other donors.

19. Coordination with the Member States is made particularly difficult because of the lack of synchronization between the adoption of national annual programmes and of the Community aid programme. For example, for the 1982 programme, the Council adopted that part of the implementation plan concerning Community measures on 26 April 1982, whilst the Member States did not supply information on the national measures until January 1983.

20. Nevertheless, with regard to the programming of food aid, the main body of information is provided by the FAO which periodically issues a document entitled 'Global information and early warning on

<sup>(1)</sup> Council Decision of 17 March 1970 (OJ No L 66, 23. 3. 1970).

food and agriculture'. This report states for each recipient country its needs, the deliveries under way and the factors which could affect the programmes planned, but the information given is not necessarily comparable since it is drawn from different sources in each country. For example, the information relating to Bangladesh and Kampuchea is supplied by the WFP representative, whereas in the case of Pakistan it is the local authorities themselves which gather the information on food needs.

During its mission in Mauritania, the Court found that highly satisfactory results were obtained through the application of a very advanced procedure of coordination between the main donors (the FAO, WFP, USAID and the EEC).

21. Nevertheless, even if there is a certain degree of coordination during the programming, this will still all be fruitless so long as deliveries fail to be made on the exact dates agreed between the recipients and the donors, but are instead made, as the Court has often found, during the rainy season when the goods perish and the roads become impassable, or after the new harvest when the granaries are full.

#### COORDINATION OF EMERGENCY AID MEASURES FOR DISASTER RELIEF

##### Coordination between the Community and the Member States

22. It is only for emergency aid measures that the Community has really implemented any effective procedures for coordination. This coordination is governed by two resolutions adopted in 1977 by the Council<sup>(1)</sup>. The first, dated 22 March 1977, states that measures 'must be taken at Community level to strengthen, by means of better knowledge and greater coordination, Community and national aid for disaster relief, at the stage of both immediate help and short-term emergency aid'. The second resolution, of 28 November 1977, lays down the arrangements for coordination and designates the Commission (emergency aid department of the Development Directorate-General) as coordinator of Community and national measures.

<sup>(1)</sup> Translator's note: since these two resolutions are only available in French, references to them are translated freely.

23. This coordination consists of:

— *an exchange of information*: in the countries where the Commission has delegations, it has at its disposal information complementary to that supplied by the international organizations (UNDRO, UNHCR, FAO, WFP).

Similarly, the Member States send to the Coordinator the information gathered on the spot by their embassies;

— *the setting-up of joint operations*: the Community finances one part of the operation and a Member State finances the other part. For example, for Kenya, the Netherlands supplied the foodstuffs and the Community financed their distribution.

This coordination is carried out either at the meetings called by the coordinator and attended by his opposite numbers in the national administrations, or by means of telephone consultations and telexes.

24. The Court has found that the procedures introduced have made it possible to boost the effectiveness and swiftness of the emergency aid measures. This has been confirmed by administrators in the Member States. It is nevertheless regrettable that this coordination is restricted to the EEC and its Member States.

##### Coordination between the Community and the other donors

25. There are many shortcomings in this coordination, mainly caused by the spread of responsibilities for emergency aid between various international bodies. UNDRO supplies information on the situation in countries affected by natural disasters, the UNHCR does likewise and organizes measures to help victims of troubles of human making (refugees); lastly, the FAO and the WFP are the bodies responsible for emergency food aid.

The Commission, which receives information from UNDRO and grants funds to the UNHCR for certain operations, does not attempt direct coordination with these UNO agencies. The same is true for

coordination with other donors such as the United States or Canada. Such coordination is usually effected through the bodies mentioned above. In

specific cases there have been direct contacts, for example between the Commission and the United States with regard to aid for Kampuchea.

#### CONCLUSIONS AND RECOMMENDATIONS

26. The lack of coordination over aid to third countries is mainly due to the following three reasons:

- a lack of information passing between the various donors on the designs, timing and arrangements for execution of the projects they intend to carry out at the same time and in the same geographical area,
- a failure to profit from their experience, good or bad, of identical or similar past projects,
- a lack of synchronization of measures because of the large number of decision-making centres.

27. These defects can be remedied during the preparation and organization of the various operations by collecting as much information as possible in the form of general data bases which could be set up at little cost in the electronic data-processing centres already in existence in the specialized national and international organizations.

28. The Commission could gather together the aid programmes planned by the Member States and their main financial bodies, and ensure that the profiles of the measures decided on or in progress were kept up to date and circulated to all the European or international bodies concerned.

29. Another basic improvement would be to pool and process, by computer, all the evaluation data kept by the Commission, the EIB, the Member States and the other donors. Creating a data bank of this kind, modelled on recent initiatives by the World Bank, would make it possible, in time, for those responsible for designing a new project to have at their disposal catalogues which analyze and compare experiences acquired in the past on similar projects.

30. Moreover, in order to compensate for the lack of synchronization of operations caused by the profusion of decision-making centres, the Community bodies responsible for aid projects should attempt to

reduce to a minimum the conditions which they impose, for a given project, on the recipient countries in the form of their share of the financing or of the administrative work. In certain cases, it is better to pay the cif cost of a delivery of food aid than to make the recipient bear the shipping costs with the attendant risk of the aid being delayed for long periods at the ports of shipment or unloading.

31. The same applies to the related works, often minor, which accompany a Community project and which the recipient country is supposed to carry out. All too often structural weaknesses in the administrative or financial system of the recipient country prevent a costly project, important to the social or health services, being put into service, because the recipient has not fulfilled its obligations.

32. In the case of large-scale projects requiring the backing of several donors, experience has shown that it is useful to select a project leader responsible for coordinating the various operations, as has been done with successful results for certain projects in Africa, where the Commission took this rôle, and for some projects in Asia where the World Bank acted in this capacity.

33. The following example shows that good coordination is possible when all the managers concerned cooperate on the basis of information available to everyone.

In Mauritania since 1974 there has been a multi-donor (EEC, FAO, WFP and USAID) working party on food aid, which, in conjunction with the local authorities, prepares an annual report assessing the situation of the country's agriculture, forestry and stockfarming. In addition, since 1981, the Mauritanian Cereals Board has been holding weekly information meetings open to all the donors, at which details are given of the state of finance, of transport costs, of the stock levels at each storage point, of the price paid to the producer, etc.

34. This model coordination, which is informal and results from a desire for effectiveness on the part of the local representatives of the donors, ought to be extended to other types of aid and to other countries. It should at the same time become more binding so that its continuity is guaranteed regardless of the personalities involved.

35. The developing countries will be the chief, direct beneficiaries of greater coordination since this will enable the costs of projects and the completion

periods to be reduced, thus leading to an increase in the number and size of projects undertaken.

The text of the preceding observations was adopted by the Court at its meeting of 14 March 1984.

Luxembourg, 29 March 1984.

*For the Court of Auditors*

Pierre LELONG

*President*

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#### ANNEX

#### ABBREVIATIONS USED IN THE REPORT

ACF	Aid and Cooperation Fund (France)
ACP	African, Caribbean and Pacific States
DAC	Development Assistance Committee (OECD)
EAC	European Association for Cooperation
EDF	European Development Fund
EIB	European Investment Bank
FAO	Food and Agricultural Organization of the United Nations
IBRD	International Bank for Reconstruction and Development (World Bank)
IFAD	International Fund for Agricultural Development
KfW	Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) (Federal Republic of Germany)
LDC	Least developed country
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
UNDP	United Nations Development Programme
UNDRO	United Nations Disaster Relief Office
UNHCR	United Nations High Commission for Refugees
USAID	United States Agency for International Development
WFP	World Food Programme

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## COMMISSION OF THE EUROPEAN COMMUNITIES

## REPLY OF THE COMMISSION

The introduction to the Court's report sets the scene for its observations putting them at the level of coordination between various donors when it refers to the resolve of the OECD's Development Assistance Commission which the Commission, for its part, has always tried to apply.

Hence, though the arguments brought up in the report refer to coordination of Community action with that of the Member States, third countries and other international organizations as coordination between donors, it would seem to the Commission that matters such as coordination between Commission departments, with the EAC or with the EIB are on a different level altogether and have more to do with internal coordination since there are not, within the Community, different donors — and the same applies to coordination between the Commission and the recipient countries since this involves coordinating donors and recipients of aid.

The Commission has doubts about whether matters of such different natures should be dealt with together in the same report, and would point out that many of the observations having to do *inter alia* with the working of internal Community bodies dealing with the execution of aid are, quite rightly, among those mentioned in the Court's regular sector letters or annual report. A whole series of observations made in this special report have already appeared in other Court reports, most recently in the 1982 annual report. The annual report is indeed the right place for this sort of repetitive and specific criticism and the Commission has already provided answers more than once in that context.

The Commission feels it is necessary to make a few general remarks on the various aspects of coordination among donors, about which there certainly seem to have been a few misunderstandings.

The Court's report might suggest to a reader unfamiliar with the field that no effort at all is made, either by the Commission, by the Member States or by other donors, to coordinate aid operations.

Undoubtedly the coordination of aid operations could be improved, and it must be admitted that the 1974 Council resolution on the harmonization and coordination of Member States' cooperation policies has failed to produce the expected operational benefits. But since then numerous steps have been taken to strengthen coordination with the Member States and other aid donors.

This is why, in order to give a fuller picture of the various forms of coordination among donors, the Commission intends to provide a brief, factual account of the very real work of coordination which goes on, and its development.

#### I. Coordination with Member States

There is coordination at four levels:

1. General, within the relevant Council working parties or the advisory committees on development, viz., the development cooperation, ACP, ACP-FIN and Mediterranean working parties, the Article 113 Committee, the Programming Committee, and the EDF, NADC and MMI (financing) Committees.
2. Implementation of operations — here coordination takes place through:
  - (a) a system for the exchange of information on projects identified, even though, as the Court points out, the situation differs widely from one Member State to another;
  - (b) frequent and periodic meetings between the Commission delegations and the Member States' representatives in recipient countries;
  - (c) periodic or occasional meetings, generally organized by the Commission, to resolve problems arising from the implementation of operations or programmes being

administered by bodies carrying out a given task on behalf of the Commission (training, trade fairs, non-governmental organizations etc.);

- (d) Member States' involvement in the work of Community aid evaluation, in particular the participation of Member States' evaluation experts in the formulation of the basic principles drawn from the sectoral evaluations which the Commission now undertakes systematically.
3. Joint analysis and operations with some or all Member States in problem areas or priority sectors. Notable examples of this level of coordination include the cooperation which has developed with regard to (a) Southern Africa (SADCC: Maseru Conference), (b) the complex East African 'transport corridor' operations and above all (c) the formulation and support of food strategies in the four countries where are being tested.
4. General coordination meetings held periodically with each Member State's bilateral aid department (development/cooperation ministries). Normally, the purpose of these meetings is (a) to exchange information on the progress of each side's financial and technical assistance programmes, (b) to look for ways of cooperating more actively and at a more operational level (e.g. the study recently put in hand in Italy for the possible conclusion of a co-financing agreement between the Commission and the Italian Government) and (c) to discuss projects and programmes of mutual interest.

The last meeting of this kind took place in May, with the Italian authorities. A coordination meeting with the Belgian bilateral aid authorities was held in April. A meeting with the Netherlands authorities is also planned.

## II. Coordination with other donors

It is true; as the Court points out, that there is no regulation governing coordination between the Commission and other donors. But the lack of legislation has not prevented the Commission developing intensive coordination with most bilateral and multilateral donors (\*).

1. In this connection, the Commission's main partner is undoubtedly the World Bank, with which it is in touch (a) periodically at the political level, (b) regularly at official level and (c) constantly through the Commission Delegation in Washington. There is in addition coordination in the form of a two-way flow of information between the two organizations.

Thus the Commission is sent the Bank's macroeconomic reports, its sectoral analyses, its financing proposals and its evaluation reports.

2. However, the Bank is not the Commission's only partner. Since the second 'oil shock' in particular the Commission has been pursuing a policy of active coordination with the Arab 'oil-producers' development agencies. Since that time — and the report does not mention this — the Commission has had numerous meetings with the various Arab Funds at both political and technical level.
- (a) At political level: periodic top-level encounters between the Member of the Commission responsible for development and the Directors of most of the Arab agencies (Arab Funds: June 1980 and June 1982; OPEC: January 1982; ABEDIA: October 1981, May 1982 and June 1983).
- (b) At technical level: exchanges of information on projects identified or financed, plus coordination meetings (theoretically once a year) at which general interest or sectoral policy issues are raised and points relating to specific projects discussed.

(\*) The fact that there is no legal text is perfectly normal. Though the Council can lay down rules which must be adhered to by the Commission and the Member States, it is obvious that it could not do so for non-member States or international organizations.

The last meeting of this kind took place in Brussels in June, between the Commission (and the EIB) on the one hand and Saudi Arabia, Kuwait and Abu Dhabi Funds, OPEC, ABEDIA and the AFESD on the other.

There are also meetings arranged specially to deal with more specific problems such as the alignment of procedures. Two such meetings between the Commission and most of the Arab Funds have already been held, in Kuwait; items on the agenda were as specific and diverse as: eligibility, comparison of tenders, award of contracts, conditions of contract, payments, deposits, etc., so that now there is no obstacle on the procedural side to the joint financing of projects between the Arab Funds and the Commission.

There is also Euro-Arab coordination in the field, at meetings between the donors involved in a particular project.

3. The Commission does not limit its coordination efforts to the World Bank and the Arab Funds. It has held similar meetings with the other main financiers, viz: Canada (two meetings), the United States (three meetings), Sweden (five meetings), Norway, Japan, Australia, the Asian Development Bank, the African Development Bank, etc.

### III. Coordination of food-aid operations

In the light of experience the Commission has found that the information supplied by the applicant countries direct is very variable; accordingly, in drawing up its proposals for allocation it relies largely on information from the FAO, either taken from FAO publications or sought directly from the organization, since even if the FAO figures come from different sources they are reasonably consistent.

Coordination with the Member States takes place during the procedure for examination of Commission proposals. Previously, the Commission had insisted that a comprehensive schedule of Community and Member States' operations should be drawn up but this had to be abandoned since the national programmes are not always available at the time when the Commission is presenting its own proposals.

As regards the other donors with which the Commission is in regular contact, coordination has only been found to be possible on a case-by-case and exceptional basis, as in Mauritania. The protracted internal Community decision-making procedures mean that it is not always possible to wait till other donors have taken their allocation decisions.

With regard to delivery dates, the Commission tries as far as possible to see that delivery takes place at the most suitable time of year; nevertheless, a programme may fall behind schedule because some product is not available on the market, or there is a temporary lack of transport to a particular destination.

The mobilization of food aid is organized in such a way as to take account both of administrative complexity (Commission, national intervention bodies) and the customary commercial rules of international trade.

Despite this complexity the Commission tries to set up a direct link between the successful tenderer and the recipient of the aid. At the same time, the various parties involved are normally kept up to date on the various stages of an operation.

Whenever the rules are updated, the Commission takes the opportunity to improve the flow of information. The new Regulation for milk products applicable from 1 August 1983 (Regulation (EEC) No 1354/83) provides for greater contact not just between the successful tenderer and the recipient, but at all points of the information process.

The computerization of food-aid administration is being studied, and this could provide a more systematized information flow.

#### IV. Conclusions

The Commission is not contending that the situation is perfect. A great deal of progress remains to be made, as there are still weaknesses in the present system, and the Commission will not stint its efforts to improve coordination with the Member States and other donors. It is aware of the difficulties and limitations of such a course, but determined to see the new development policy it is advocating a success.

The policy dialogue with ACP States, and the support for sectoral policies which are to be its outcome, will have more chance of succeeding if the volume of finance which the Community is prepared to invest is sufficiently attractive to its partners. Intensive coordination among Member States with a view to a commitment by one or other of them to join the Commission in backing some sectoral policy would give the ACP States a clear incentive to devise such policies.

The aim is not to frame a common approach to development policy for all Community aid agencies, but to see that aid operations genuinely complement each other, and serve the appropriate sectoral policies, with the help of other financiers wherever possible.

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