

Employment, Social Protection, Decent work

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Unit E3

Regional Seminar for ACP countries EC - ILO

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EC Cooperation process and Sector Supports

Sergio Piccolo
Europe Aid/E3

ESIP
**Employment, Social Inclusion and
Protection**



EUROPEAN
COMMISSION

EC Cooperation process

2000: EC External Aid Reform

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Devolution: EC *delegations* responsible for Aid implementation: more and better policy/sector dialogue

Decentralisation: *Governments* fully co-responsible for implementation of bilateral cooperation

DG Europe Aid : Coordination of overall EC Aid delivery. *Accountable for efficiency and effectiveness*

THE EC PROGRAMMING OF EXTERNAL COOPERATION

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Directorates General responsible for programming

DG RELEX: Neighbourhood, Asia, Latin America

DG DEV: ACP (Africa, Caribbean, Pacific)

The process (2008 – 2012)

- Guidelines for HQs and Delegations (*Few sectors of concentration, respect of international agreements, methodology of approach etc.*)
- **Key line: demand driven support to home grown reforms**
- Policy dialogue with partners' Institutions (HQs –DELs)
- Broad consultation of EU Member States, EU Parliament, Civil Society, donors (Paris, Accra...)
- Adoption of Country and Regional strategy papers
- Adoption of National and Regional Indicative Planning

THE EC **IMPLEMENTATION** OF EXTERNAL COOPERATION - 1

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Directorate General responsible for implementation

DG Europe Aid (and Delegations)

The mandate

Implementation of NIP/RIP + thematic programmes

as agreed and endorsed by partner governments + EU Member States, EU Parliament

THE EC IMPLEMENTATION OF EXTERNAL COOPERATION - 2

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The process (1-2 years)

1. Delegations on the front line for

Identification/formulation/financing
proposal/implementation/monitoring/evaluation of
projects/programmes (according to agreed planning !!)

2. DG Europe Aid

Quality support Groups 1 (identification) and 2 (fin.proposal)
EC inter service consultation
Comitology: MSs consultation (*Annual Action Plans/country-region*)

3. Adoption

EU Parliament scrutiny
EC financing decision

What EC instruments for financing cooperation ?

Financing instruments

1. European Development Fund, EDF
2. European Neighbourhood and Partnership, ENPI
3. Development and Economic Cooperation, DCI
4. Stability Instrument
5. Humanitarian Aid
6. Macro Financial Assistance

Thematic programmes

1. Investing in People
2. Non State Actors – local actors
3. Migration/asylum
4. EIHRD
5. Food security
6. Gender

Sector Supports

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EC cooperation modalities

Aid approaches: EP, Council, Paris Declaration, MDGs:
shifting from stand alone TA projects to sector supports (*beneficiary fully responsible*) + **New Backbone Strategy**

Aid Set up methodology: SWAP (*sector wide approach*)

leading to several implementation options:

- Budget supports (*General/Sector*)
- Projects
- Basket fund (multiple donors)
- Trust Funds

Why going for Sector/Budget supports

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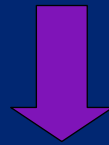
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- **ENHANCING** POLICY DIALOGUE WITH GOVERNMENTS/BENEFICIARIES EMPOWERMENT AND OWNERSHIP (home grown reforms!!)
- **REDUCING** DONOR PROCEDURES and TRANSACTION COSTS (no more small TA isolated projects; Backbone Strategy)
- **IMPROVING** PUBLIC FINANCE MANAGEMENT
- **ENHANCING** RESSOURCES PREDICTABILITY (national-external)
- **STRENGTHENING** DONOR COORDINATION (under GVT leadership)

Sector supports

Concepts et steps

Sector approach (national context): working method of GVT with all stakeholders towards a consistent and comprehensive sector strategy/policy/reform



Sector Programme (national context): outcome of the above process (sector policy documents, sustainable and consistent financing plan...) prepared by GVT



External aid/EC Support (Sector Policy Support Programme/SPSP): EC operational instrument to support the implementation of a sector programme

Pre-conditions for success of a SPSP

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1. Political and
Macro economic
stability
2. Sound PFM

Consensus between
GVT, non state actors
and donor/s on key
sector challenges

**Sector
Programme**

Systematic
Involvement of
Ministry of
Finance

Matching
Strategy
objectives/financial
Resources (int/ext)

Strong and
efficient/effective
national leadership
at sector level

How do we come to a SPSP ?

the seven assessments:

1. Macro economic framework sound/stable
2. Public finance management transparent and consistent with deficit perspectives (caring for stability)
3. Existence of a sector policy/strategy
4. Existence/willingness of an open/transparent coordination of donors
5. Existence/willingness of a Mid term expenditure framework
6. Beneficiaries/non state actors are consulted
7. A system of monitoring performances and good statistical tools is in place

How do we finance a SPSP ?

Several alternatives

- **Sector Budget Support**
Financing through public budget + some TA
 - **Pool funding** (including Trust fund)
Procedures approved by donors
 - **EC specific procedures** ('ad hoc project - TA')
- ... or a combination of these modalities*

It is worth reminding: Two types of budget support

General budget support

General support to PRSP or alike (close look on Public Finance stability – all sector policies)

Disbursements according to respect of macro/process/sectors conditionalities

Sector budget support

Ensuring support to a given sector policy. Achieving a national reform/strategy according to sector **mid term expenditure framework/MTEF** assessing the costs/funding of a reform or strategy

Disbursements according to achieving over years progressive targets of sector performance indicators

Disbursements (over 3 years)

Fixed component: *released further assessment of respect of key basic conditions (macro stability, consolidation of public finance management etc.)*

Variable components: *released further to achievements of targets for results indicators previously agreed with the government*

How to monitor indicators:

- baseline data (*ex: 2007 for targets 2008*)
- progressive targets (*ex: FA 2007: targets 2008, 2009, 2010*)
- Weighting (*ex: some indicators more weight than others*)

Some EC experience Sector policy support programmes (SPSP)

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From pre-SPSP...

*...to formal ongoing
SPSP*

Syria
TVET
2004
21M€

Project

Jordan
LocDev
2004
30M€

GBS

Tunisia
HE
2003
45M€

SBS

New
Caledonia
VT
2004
21.5M€

SBS

Tunisia
VT
2007
30M€

SBS

Jordan
E-TVET
35M€

SBS

What/Why a Mid Term Expenditure Framework (MTEF) ?

The MTEF is:

- Financial instrument owned by the government, **adopted validated by the Ministry of Finance**
- Essential instrument for the line Ministry in the dialogue with Ministry of Finance when implementing the SPSP

The MTEF helps assessing:

- the **gaps** between available budget (internal/external) and financial needs to achieve a reform/strategy
- the **rigorous compatibility** of any additional resource with medium terms macro and overall budget allocations and public finance management **sustainability**

...thus...Increasing reliability of a sector strategy and national ownership/dialogue

Examples of indicators (ex VT)

Financial means
Input

Ex: Part of public budget devoted to employability measures/H&S work place

Direct realisations
Output

Ex: N. of training modules created/reinforced (health care, hygienic conditions in processing)

Results
Outcome

Ex: Rate of trainees enrolled, trainers/teacher medical staff trained, hygienic rules introduced

Impact

Ex: Rate of insertion into LM of certified trainees

CONCLUSIONS

- A consistent national sector reform paves the way to sector supports (both national and donors)
- Sector supports reinforces national ownership/accountability
- The SPSP of the EC are **NOT** donor driven
- Whatever sector support/reinforcement **MUST** be compatible with overall public finance management
- **ILO can be supportive** to EC in the upstream (**formulation**) and to beneficiaries in the downstream (**implementation**)
- **ILO DW country programmes and background can be a valid source of information/back up towards indicators setting**

CAN WE MAINSTREAM DW/ESIP IN GENERAL or SECTOR BUDGET SUPPORT?

Some questions to bear in mind

- *What outcome/impact of EC operations in terms of employment/DW, growth and social cohesion?*
- *Are in the sector being supported (also non social) **key 'decent work' or core labour standard conditions granted/respected?***
- *Is it possible a systematic dialogue with all stakeholders involved? (Line Ministries, incl. **Ministry of Finance**, agencies, non state actors etc.)*
- *Is the **sector budget spending** (national + external resources) credible and consistent with sustainable public finance? (**capital and recurrent expenditure**)*
- *Is the sector budget set according to 'objectives by results'? Is it a bottom-up exercise?*
- *Do you have a transparent, regular, multilateral **GVT led donors coordination?***

THANKS