

**Briefing paper no. 38**

## **European Parliament Briefing Paper**

# ***Country Strategy Papers under the Development Co-operation Instrument***

**29 January 2007**

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***The European Parliament should ensure that:***

**(1) Basic requirements are met to allow proper democratic scrutiny, particularly:**

- Inclusion of a proper budget
- Clear reference to the DCI as the legal base
- Inclusion of DAC codes
- Compliance with DAC criteria

**(2) Transparent rules of procedure are agreed, including:**

- European Parliament is consulted on the final draft CSP/NIP
- The draft CSP/NIP is not changed during the period of consultation in the European Parliament
- The Draft CSP/NIP is adopted by the DCI Committee after the one-month consultation period of the European Parliament

**(3) Ownership of the CSPs/NIPs is ensured**

- Clarification of consultation by national parliaments in partner countries
- Clarification of consultation of civil society in partner countries
- Provisions of draft CSPs/NIPs to European civil society

**(4) It is ensured that the CSPs/NIPs contribute to poverty eradication**

- NIPs must be consistent with CSPs
- And have a central focus on the Millennium Development Goals
- Allocate 20% to basic health and education by 2009

\*CSP and RSPs (Regional Strategy Papers), NIPs and RIPs (Regional Strategy Papers)

The adoption of the Development Cooperation Instrument (DCI) in December 2006 opens a new chapter in the EU relations to developing countries in Asia and Latin America. This briefing looks at the adoption of the EU Country Strategy Papers under the DCI, which have been presented by the Commission to the DCI Member States Committee for approval and to the European Parliament for consultation.

## **The purpose of Development Co-operation**

The new generation of Country Strategy Papers (CSPs) covering the period 2007-2013 have to be in compliance with the recently adopted regulation on development Cooperation. The overarching objective of the regulation for the Development Cooperation Instrument is poverty eradication. The instrument also recognises the Millennium Development Goals as the international framework for international development which directs the purpose of aid.

The relevance of the EU Development Co-operation Instrument is indisputable. The fight against poverty remains a major challenge in Asia and Latin America.

The Country Strategy Paper of Ecuador states that 57% of the population continue to live below the national poverty line, and in Bangladesh 49.8% of the population lives below the national poverty line. India, which is regarded as strategic partner of the EU given its economic potential, has one third of its population living in poverty and still one fourth of the population between 15-24 is illiterate. Paraguay experienced economic growth and increases in exports in the last years, yet at the same time poverty rose from 30% in 1995 to 41% in 2003 and primary education enrolment decreased.

The European Parliament has now a major responsibility to ensure that the CSPs address the following:

### **Non-negotiable 1: basic requirements of democratic scrutiny**

The CSPs need to meet the basic requirements to allow democratic scrutiny and should therefore include the following aspects:

- **Proper Budget** – In many of the draft CSPs the allocation of funds is not given in real numbers, but rather in indicative percentages. It is unclear what the percentages mean if the total allocation would increase or decrease. It is also not clear what would be done with any additional or remaining financial allocations. The Parliament is not in the position to reach an opinion and scrutinise the draft CSPs compliance with the DCI, unless clear budgets for each country and regional programme are provided.
- **Reference to the DCI** – The CSPs are presented under the DCI. However, many of the draft CSPs do not give a reference to the DCI regulation as the legal basis. To become a legally binding document the draft CSPs submitted for consultation need to include this reference. The draft CSPs on which the European Parliament should form an opinion should be the final documents and should refer to the right and proper

legal base. The European Parliament should refuse to give opinion on documents that are unfinished in this regard.

- **DAC Codes** – The DCI regulation clearly lays out in Article 1 No. 4 that geographical activities need to be in compliance with the DAC criteria. This is in line with the main purpose of the regulation, which is to help eradicate poverty and promote development co-operation. While some draft CSPs indicate the DAC Codes for each of the proposed activity, a majority of the draft CSPs does not. To enable the Parliament to control the compliance to DAC criteria for the CSPs, all of them need to indicate under which DAC Code each activity falls.
- **Compliance with DAC criteria** – The legal requirement of compliance with the DAC criteria laid out in Article 1 No. 4 intends to ensure the purpose of the regulation, to contribute to the eradication of poverty, is respected. Several draft CSPs include activities that overstretch the purpose of the regulation. This is especially the case for counter-terrorism. However also questions could be raised where trade measures are proposed with the principal aim to advance EU investment in the country. In some countries the policy or trade dialogue or bilateral relations between the EU and the partner country are included. These activities do not fit within the remit of the DCI.

## **Non-Negotiable 2: Transparent rules of procedure**

The Rules of Procedure to be agreed under the new DCI need to reflect the agreement reached between the negotiating parties in September 2006 that the European Parliament will be consulted on the CSPs (see annex). The rules of procedure should make it clear that:

- The European Parliament **is being consulted on the final draft CSPs** which is being transmitted to the DCI Committee for approval;
- The final draft CSPs are provided to the European Parliament if requested and is **not changed** during the time of one month allowed to the European Parliament when it considers the document for its consultation;
- The DCI Committee of Member States approving the CSPs will adopt these **after it has received the opinion of Parliament** received in the one-month consultation period allowed for this, in line with the agreement between the negotiating parties.

## **Non-negotiable 3: ensuring ownership of the CSPs**

The DCI emphasises the importance of ownership of the CSPs (recital 22). Therefore the European Parliament should judge whether the following processes to ensure ownership of CSPs in partner countries and transparency to European tax payers is adequately ensured:

- **Involvement of National Parliaments** – In a number of CSPs 'governance' is identified as an issue in the country. For this reason it is often identified as a focal sector and significant support is given to

activities to strengthen the capacity of the administration and the democracy as a whole. The Commission has also emphasized the importance of 'ownership' of partner countries over the CSPs. It is therefore worrying that it would appear that in none of the countries national parliaments were consulted on the CSPs.

- **Consultations with national CSOs** – In Article 18 No. 3 the DCI recognizes the important role civil society plays in the programming of aid and it sets out that civil society should be consulted in the process of drafting the CSPs. Only in one CSP, Nicaragua, information is provided on (1) time and place of the meeting, (2) list of participants, (3) agenda and (4) minutes of the meeting. All other draft CSPs do not provide conclusive evidence that consultations took place. (see also Annex).
- **European Civil Society** –European citizens have a right to information and the European Commission needs to make the draft CSPs available for CSOs in Europe. Participation of European civil society is arranged in Article 3 No. 10. So far European NGOs have not received a single CSP from the Commission. There is no official procedure in place to grant access to the draft CSPs to European civil society. The European Commission has an obligation to allow public access to Commission documents under Regulation 1049/2001 (EC).

#### **Non-negotiable 4: ensuring the CSPs contribute to poverty eradication**

The objective of the Development Cooperation Instrument is the eradication of poverty. The National Indicative Programme should be consistent with the analysis provided in the CSP.

- There are CSPs which mention particular issues as crucial for poverty eradication and yet these are not addressed in the planned programme for the country as described in the NIP. This should be clarified as **the NIPs must be consistent with the CSPs**;
- Many of the programmes particularly lack action in crucial areas of: (1) health, (2) HIV/Aids, (3) child labour, (4) maternal mortality, (5) gender justice and (5) the environment. **The Millennium Development Goals should remain the central focus of the DCI, as stated in recital (4)**;
- The Commission must show its compliance with the target to **allocate 20% of resources to basic health and education by 2009**.

## **ANNEX 1: Agreement between negotiating parties on the DCI**

**GENERAL SECRETARIAT  
OF THE COUNCIL**

**Brussels, 29 September 2006**

**Doc. n° 152/1/06 REV 1 ADD 1  
DEVGEN**

**DG E II - Development**

**JVE/mp**

### **NOTE**

**for the Members of the Working Party on Development Cooperation**

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**Subject:** Development Cooperation Instrument

With a view to the meeting of the Development Cooperation Working Party on 2 October 2006, delegations will find in the Annex the text of the various declarations to be entered in the minutes of the Council formally adopting the Common position, as well as a draft letter from the Commission to Parliament. These declarations as well as the letter are an integral part of the agreement reached with Parliament's negotiation team.

It should be noted that, as far as the declarations are concerned, only the first one on Article 5 is new compared to those agreed in July 2006.

**Declarations to be entered in the minutes of the Council formally adopting the  
common position of the Council**

Commission Declaration concerning Art. 5

The Commission reaffirms that the eradication of poverty and the pursuit of the Millennium Development Goals are at the core of the primary objective of its development assistance.

It recalls that it reached an understanding in 2002 with the European Parliament on a benchmark of 35% of assistance to developing countries to be allocated to social infrastructure and services, recognising that the EU contribution must be seen as part of the overall donor support to the social sectors and that a degree of flexibility must be the norm.

Since then, as a result of translation of development policy into country programmes and subsequently into commitments, support for social infrastructure has risen to more than 35%, and the European Parliament has been fully informed of progress. Though this specific benchmark has been overtaken, the Commission will continue to report annually on these figures.

Pursuant to the request of the European Parliament, the Commission now commits to the following objectives, while stressing that they have to be pursued in the setting of the principles of aid effectiveness, in particular the partnership with recipient countries, their ownership and the complementarity with other donors, as set out in the “European Consensus on Development” adopted jointly by the Council and the representatives of the governments of the member States meeting within the Council, the European Parliament and the Commission on 20 December 2005.

First, the Commission commits to prioritise basic health and education, and social cohesion as a whole in its programming and implementation role for country programmes covered by the DCI, and to include an MDG profile in the programming

documents. In the dialogue with partner countries, the Commission will also encourage them to prioritise social sectors in their own development strategies.

Moreover, the Commission will endeavour to ensure that a benchmark of 20% of its allocated assistance under country programmes covered by the DCI will be dedicated, by the year of review 2009, to basic and secondary education and basic health, through project, programme or budget support linked to these sectors, taking an average across all geographical areas and recognising that a degree of flexibility must be the norm, such as exceptional assistance.

Finally, to ensure the accountability of the Commission towards these objectives, it commits to increased monitoring, evaluation and reporting, whereby particular attention shall be given to social sectors and to progress made towards achieving the Millennium Development Goals.

#### Commission Declaration on Sugar Art. 17:

It has been decided to assist the sugar Protocol ACP countries to adapt to the new conditions which will follow the reform of the EU common agricultural policy for sugar.

As Sugar Protocol countries are in a very diverse situation, the scheme will support country specific adaptation strategies.

The commitment and spending schedule will follow the gradual achievement of these strategies and be consistent with the transitional nature of the scheme due to end in 2013.

#### Joint Council and Commission Declaration to Art. 28(2) on the transfer of implementation tasks:

In relation to budget implementation tasks, the Commission has made a proposal for the revision of Council Regulation No 1605/2002, which will be adopted by the Council, establishing the conditions required for entrusting such budget implementation tasks to bodies referred to in Article 27 (1)a), b), c) of this Regulation.



Commission Declaration on committees Art. 35:

Meetings will be organised in such a way that opinions to be delivered and exchanges of view held are pooled according to each geographic (Latin America, Asia, Middle East, Central Asia, South Africa) and thematic (migration, non state actors, environment, investing in people, food security) programme.

Commission declaration on indicative amount for ENPI thematic programmes Art. 38 (4):

La Commission s'engage, lors de la programmation des programmes thématiques, à tenir compte de la ventilation géographique initialement proposée par la Commission entre pays éligibles sous l'instrument européen de voisinage et de partenariat [ENPI], d'un côté, et l'instrument de coopération au développement [DCI] de l'autre.

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## EUROPEAN COMMISSION

Louis Michel  
Member of the Commission  
Benita Ferrero-Waldner  
Member of the Commission

Brussels, 31 October 2006  
D (2006) 1568

Dear Ms Morgantini,  
Dear Mr Mitchell,

Further to the exchange of letters between Mr Brok and Commissioner Ferrero-Waldner on the matter of democratic scrutiny and coherence in external actions, we would like to restate the Commission's commitment to enter into a regular dialogue with the European Parliament on the content of the draft country, regional and thematic strategy papers as laid down in the Joint Declaration on Democratic Scrutiny and Coherence in External Action and the accompanying Commission declaration attached to the Interinstitutional Agreement.<sup>1</sup> For the dialogue on the draft country, regional and thematic strategy papers under the Development Cooperation Instrument, the mechanism will work in the following way:

- the European Parliament will be informed by the Commission on a regular basis of the proceedings of the DCI committee. Concretely Parliament will receive at the same time as the members of the committee the draft agenda, the draft strategy papers as well as the results of voting and the summary records of the meetings of the DCI committee.

- Parliament should identify which strategy papers it wishes to discuss and inform the Commission accordingly. The consultation of the Member States on the strategies will proceed in parallel. The Parliament will determine the competent parliamentary committee or working group or another formation where the dialogue on the strategies is to take place. This dialogue should be held before the DCI committee delivers its opinion in the given timeframe.

- the dialogue on the selected strategies could be wide ranging or focused on a limited number of points. In the context of this dialogue, the Commission will present the respective strategy, explain the priorities set out in the document and the factors which determined the selection of the priorities. The Parliament will then have the opportunity to ask for further explanations, to express itself on the choices and to indicate how it considers the strategy should be implemented. The Commission will take due account of the results of this in-depth exchange in the implementation of the strategies.

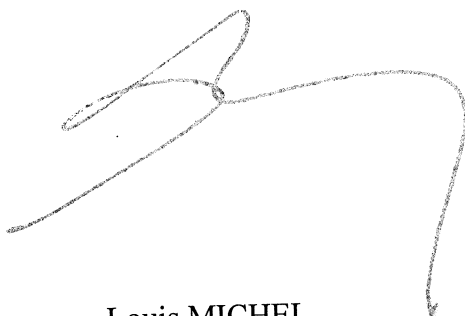
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<sup>1</sup> OJ C 139, 14.6.2006

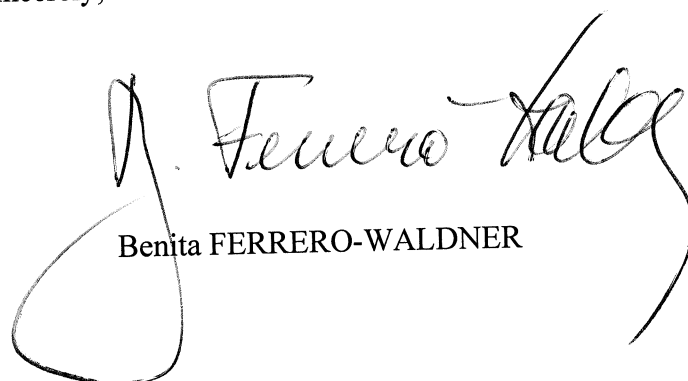
In order to ensure that the new dialogue does not lead to a slow down in the establishment of strategy documents under the DCI with a knock on effect on assistance, two matters will need to be addressed. Firstly, keeping in mind the large volume of draft measures, Parliament should make its selection of documents for further discussion in a timely manner. The speed at which this is done and the calendar agreed with Parliament for the dialogue will determine whether the dialogue can take place before the Member States deliver their opinion on the strategy. In any event, the subsequent dialogue should also take place at the earliest possible date. Secondly, following the dialogue it will be necessary for the Commission to receive a written statement of the Parliament's consolidated position on the documents discussed.

Finally, we wish to confirm the availability of our services to meet the Parliament or any of its formations to allow a timely discussion on general issues or other issues relevant to particular countries.

Yours sincerely,



Louis MICHEL



Benita FERRERO-WALDNER

## ANNEX 2: Summary overview of Draft CSPs (Versions dated December 2006)

ANNEX	Afghanistan	Argentina	Bangladesh	Bhutan	Cambodia	Colombia	Costa Rica	Ecuador	El Salvador	India	Indonesia	Malaysia	Mongolia	Nicaragua	Pakistan	Paraguay	Uruguay	Venezuela	Vietnam	Total
<i>Are DAC codes listed or are explanations given about how the action is to be financed in conformity with DCI ?</i>	No	Yes	No	Yes	No	Yes	No	Yes	No	No	No	No	No	No	No	Yes	No	Yes	No	6 yes 13 no
<i>Are there activities mentioned that are unlikely to be in compliance with the DAC criteria?</i>	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	16 yes 3 no
<i>Was national parliament consulted (date, time, agenda, participants)?</i>	n.a.	No	n.a.	n.a.	n.a.	n.a.	No	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	All n.a.
<i>Will the national parliament adopt the CSP?</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	All n.a.
<i>Were CSOs consulted (date, time, agenda, participants)?*</i>	3	4	4	5	5	3	3	4	3	4	5	4	5	1	4	3	3	4	4	Only 1 country in full compliance
<i>Is there any specific programme to strengthen women's empowerment?</i>	Yes	No	Yes	No	No	No	No	No	No	n.a.	No	No	No	No	Yes	No	No	No	No	3 yes
<i>Are there programmes to combat child labour?</i>	No	No	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	2 yes

\*Following scale is used:

- 1 =Full transparency and complete information on when/where/with whom/the agenda and report from the consultation.
- 2 =Consultations are mentioned and there is some evidence.
- 3 =Consultations are mentioned in the CSP but no conclusive evidence.
- 4 =Consultations are mentioned in the CSP but no other source and no evidence.
- 5 =No evidence of that consultations have taken place.

\*\*Following scale is used:

- 1 = There is complete information regarding programmes for women and an in-depth gender analysis.
- 2 = Standard sentence mentioning and some specific information regarding programmes for women and a gender analysis.
- 3 = Standard sentence mentioning and giving specific information regarding some activities for women.
- 4 = Standard sentence on women and gender issues.
- 5 = No attention at all to women and gender issues