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## **The Interplay between EU Member States and the EU: The Case of Development Cooperation in East and Southern Africa**

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### **Abstract**

The European Commission and the Council have jointly launched a reform of the EU's development policy aiming at a common European Development Policy and increased coordination between EU and its member states. This initiative comes at a time when the need for donor coordination is emphasized through the Paris Declaration on Aid Effectiveness and by several leading development agencies. But whereas many other coordination mechanisms are rather successful, especially due to the emphasis placed on aid effectiveness, the EU approach in East and Southern Africa has many weaknesses. This paper draws attention to the fact that the EU's approach is mainly based on the ambition to manifest itself as an actor in the development community (i.e. "identity") rather than to increase "aid effectiveness" (functionalism) through donor coordination and harmonization. The political content and the manifestation of the EU's own identity create a zero-sum game whereby the identities of the individual EU member states are threatened. The duplication and competing nature of different coordination projects, especially where the EU/the Community is involved, seem to result in less, rather than more, coordination.

**1 Introduction**

This paper deals with the coordination and implementation of the EU’s development cooperation in East and Southern Africa in the broader context of a broader and general trend in the donor community to coordinate, harmonize and align international development assistance. The purpose of the paper is to explain variation in the level of donor coordination on a country level and of regional development cooperation programmes in East and Southern Africa.

As far as country-based coordination is concerned the paper shows that this is rather well-developed in certain countries and sectors in East and Southern Africa. The most important coordination mechanisms include the Paris Agenda, the Poverty Reduction Strategies (PRSs), budget support and the mechanism of “lead donors”, whereby a group of donors informally transfer responsibility for coordinating donor policies in a specific theme or sector. But, crucially, the EU is not functioning as a viable coordination mechanism on a country level, and the European Commission is, at best, “just another donor”.

Development cooperation on the regional level in East and Southern Africa displays a different pattern. There are several overlapping, intersecting and not seldom competing regional programmes in East and Southern Africa, but in contrast to the country level where there is a clear trend of (non-EU) donor coordination, there is so far only embryonic donor coordination on the regional level. The empirical pattern of donor coordination is described in table 1:

**Table 1.** Patterns of donor coordination.

<b>Donor coordination</b>	<b>Multilateral or plurilateral coordination</b>	<b>EU coordination</b>
<b>Recipient</b>		
<b>Countries</b>	YES	NO
<b>Regions</b>	NO/EMBRYONIC	NO

The paper is organized in four sections. In the next section, we outline some trends of donor coordination in the international community and the EU’s role in this process. The third section provides an empirical overview of the extent of policy coordination on country-level, whereas the fourth section considers the regional programmes.

Thereafter we seek to explain the empirical pattern (revealed in table 1), by an emphasis on “functionalism” and “identity” as explanatory variables. A conclusion summarises our main points and also discusses some policy implications

## **2 Donor coordination and the EU's role**

There is a widespread interest in coordination within the donor community at large. Although the need for coordination is not a recently discovered problem, the problems have become more visible and widespread during the last decade. The Monterrey conference in March 2002 highlighted the importance of cooperation between donors and developing countries, in order to more effectively reach the Millennium Development Goals (MDGs). It called on development coordination agencies to intensify their efforts to harmonise operational procedures to reduce transaction costs and make Official Development Assistance (ODA) disbursement and delivery more flexible, taking into account national development needs and objectives under the ownership of the recipient country (UN 2002b). The Rome Declaration from 2003 sets out the importance of international effort to harmonise the operational policies, procedures, and practices of bilateral and multilateral institutions with those of partner country systems to improve the effectiveness of development assistance, and thereby contribute to meeting the Millennium Development Goals (MDGs).

In May 2003, the DAC created the Working Party on Aid Effectiveness and Donor Practices (WP-EFF) to promote, support and monitor progress on harmonisation and alignment, with input from several partner countries (OECD/DAC 2004). These processes then resulted in the much talked about Paris Declaration, which was endorsed by over 100 donor and developing countries in March 2005. The Declaration outlined some 50 specific commitments to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators. This moved the aid effectiveness agenda beyond the general consensus reached at the Rome High Level Forum in 2003 to what is now a practical, action-orientated roadmap to improve the quality of aid and its impact on development (OECD, 2008). The 56 partnership commitments are organised around five key principles: ownership, alignment, harmonisation, managing for results, and mutual accountability.

In the overall context of various mechanisms to increase donor coordination and harmonization it also deserves mentioning that in 1996 the World Bank and the IMF launched

the Heavily Indebted Poor Country (HIPC) Debt Initiative in order to relieve the high external debt burdens of some of the poorest nations. In 1999 an expanded and enhanced HIPC (E-HIPC) followed as a result of pressure for a more comprehensive approach to debt relief (World Bank 2003a). The HIPC Initiative has been a catalyst for the Poverty Reduction Strategy Papers (PRSPs). PRSPs should be country-driven, comprehensive in scope, partnership-oriented, and participatory under the Comprehensive Development Framework (CDF). PRSPs are prepared by the member countries, involving domestic stakeholders as well as external development partners, above all the World Bank and the IMF. They describe the country's macroeconomic, structural and social policies and programs over a three-year or longer horizon to promote broad-based growth and reduce poverty, as well as associated external financing needs and major sources of financing.

The EU has been engaged in ongoing internal dialogue since the early 1990s regarding a more coordinated development policy. This ambition was first mentioned in Maastricht Treaty, and has then been manifested particularly in the Joint Declaration by the Council and the Commission in April 2000, and in the more recent “European Consensus” from 2005. But the EU’s coordination initiatives have been spurred on as much by efforts to consolidate the EU internally (the endogenous factor) as by global and multilateral developments (the exogenous factor). This attempt to move towards a coordinated EU development policy need to be understood within the context of a more general process of donor coordination and aid effectiveness on the global arena and in the donor community at large. As noted above, a number of mechanisms for aid coordination in Africa are already in place. The EU’s stated ambition is not to compete but reinforce multilateral and other efforts.

The Commission’s official brief is to systematically and constructively exploit the potential for complementarity and synergy within the EU and to assist the EU member states’ in developing their own aid systems and the Union’s joint position in the international aid debate (EU 2000; 2004a; 2005). The Joint Declaration by the European Commission and the Council in 2000 launched a standard framework for Country Strategy Papers (CSP). Country programming was seen as an essential management instrument for increasing the efficiency and effectiveness of Community aid, promoting its strategic orientation. It further established that the Community and the EU member states should coordinate their policies and programmes in order to maximise their impact, pursuing a coherent approach and enhancing

coordination and complementarity within the EU and with all other donors and partner countries (EU 2001:4).<sup>1</sup>

According to the aim set forth in their Joint Declaration, the Commission and the EU member states are to agree on the modalities of reinforced coordination on-the-spot and make the necessary working arrangements, building on appropriate existing EU coordination mechanisms. These arrangements should aim to cover all cooperation instruments and areas and, to the extent possible, follow the main stages of the programming cycle including the process of preparing and finalising the country strategies. The coordination process should explore systematically and constructively exploit the potential for complementarity and synergy.

The debate over the common EU development policy carries a particular emphasis on the delineation of roles between the EU and the member states. The “value added” of the Commission is an important, but also contested, element in this discussion. According to the Commission, “Community action is more neutral than action by the Member States, which have their own history and are bound by a specific legal system. Community solidarity and the Community’s integrated approach to cooperation are undoubtedly major assets” (European Commission 2000: 4). Moreover, the size of Community aid—the largest donor contribution in the world—provides leverage to increase coherence between disparate policy areas, such as humanitarian aid, trade, and security. The Commission also claims to provide “added value” through its ability to formulate and defend a common European position globally (European Commission 2004c: 7).

From this picture emerges the Commission’s priority of promoting a common European position within global and multilateral coordination initiatives, such as the Paris Declaration on Aid Effectiveness and the PRSPs. The EU’s official view is that it should strive towards being a single unified actor at all “levels of governance” in the development community

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<sup>1</sup> As an example, efforts for a coordinated EU approach were made in the preparations to the Monterrey conference (i.e. an example where attempts at EU coordination should reinforce multilateral coordination). In March 2002, prior to the Monterrey conference, the EU and the EU Member States reached an agreement to implement eight commitments at the Council meeting in Barcelona, including concrete steps towards increased coordination of policies and harmonisation procedures before 2004, both at European Commission and member states:

“Closer co-ordination between EU donors in the field of development policy, which should inform the Member State’s own aid systems as well as the Union’s joint position in the international aid debate.

Closer co-ordination of multi-annual programming and analytic work.

The establishment of a common framework for aid implementation procedures, which could take the form of a Directive.

The establishment of a local EU Action Plan for coordination and harmonisation in any partner country where two or more EU donors have a cooperation programme” (EU 2004a; EU 2004b).

(multilateral, interregional, regional and country-level). However, as this paper will reveal further in detail below, the role of the EU and the European Commission is undeniably ambiguous, at times even counterproductive.

### **3 Country-based donor coordination in East and Southern Africa**

This section gives a general overview on the basis of a number of countries in East and Southern Africa and then pays particular attention to the case of Tanzania, as this country is often referred to as a success story of donor coordination in Africa, which makes it particularly relevant to analyze the role of the EU.

The multilateral and plurilateral coordination initiatives described in the previous section provide the platform for donor coordination mechanisms in East and Southern Africa. All the main coordination mechanisms are country-focused, both in that there is coordination of donor's country programmes/strategies (CSP, Paris Agenda, SWAP) and that donors seek to coordinate and align<sup>2</sup> themselves to the partner country's own national development strategy (PRSP, Paris Agenda, budget support).<sup>3</sup>

Apart from being country-based, the donor coordination mechanisms in East and Southern Africa are typically sectoral and thematic, as seen in mechanisms such as MDGs and PRS. This in turn implies that coordination often circles around "lead donor" as coordinator within specific policy areas. In Kenya, and Tanzania in particular (see more below), the system of "lead donor" within specific sectors/themes is already being employed e.g. EU is lead donor in the roads sub-sector, the UK for legal sector reforms, the World Bank for disaster preparedness.

The coordination mechanisms with specific themes may overlap. An example is found in the developments after the Kenyan presidential elections in 1997. Following the elections, a group of "Like Minded Donors" (LIMID) was formed under the chair of the Netherlands Embassy. The group comprised of the Nordic countries, UK, Australia, US, Canada and the

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<sup>2</sup> Alignment implies that donor policies are integrated into the partner country's national strategy. While the Commission subscribes to alignment as the ultimate donor-recipient relation, they regard many partner countries' governance systems as not satisfying. Many EU Member States are in favour of harmonising around the partner country's procedures rather than among donors.

<sup>3</sup> MDGs: The coordination around the MDGs is focusing on donor coordination with partner countries to reach MDGs on a country basis; The Paris Agenda and OECD/DAC also focus on aid effectiveness mainly on a country level and facilitating practical solutions to implementation challenges; the PRSPs are country-driven, comprehensive in scope, partnership-oriented, and participatory under the Comprehensive Development Framework (CDF); the EU is emphasising coordination around the main stages of the country programming cycle including the process of preparing and finalising the country strategy papers (CSPs).

EC, as well as a number of NGOs (such as Hans Seidel Stiftung, Konrad Adenauer Stiftung, Ford Foundation, British Council). Building on the “like-mindedness” of the participating donors, the LIMID group engaged in operational support to political governance, including parliamentary and election reforms, as well as civic education. All the diplomatic missions that are members of the LIMID group are also members of a parallel coordination initiative called the Democratic Development Group (DDG). The DDG has focused primarily on coordinating policy positions among its members (twenty-six in total). No common operational initiatives have been launched. Despite the obvious resource duplication, the DDG and LIMID have run parallel and funding decisions of LIMID member have been independent from the DDG positions. Some coordination between the coordination initiatives have, however, occurred in as much as the LIMID has informed the DDG with the aim to back-up the political advocacy of DDG with the operational engagements of LIMID. Both initiatives are currently being reviewed and possibly integrated into a new structure of donor coordination labelled the Donor Coordination Group (DCG), which is in preparation of the meetings with the Kenya Consultative Group (CG), the latter which is headed by the Kenyan Government).<sup>4</sup> DFID is one of the most enthusiastic donors in this process, and they work with the explicit goal of reducing the number of self-defined policies in favour of direct budget support to the Kenyan government’s policies.

Direct economic support (budget support) is the area with most far-reaching donor coordination in East Africa. Again taking Kenya as an example the main forum for donor coordination is the Economic Governance Group, chaired by the IMF/WB. This has two shortcomings with regard to the policy coordination within the EU: (i) several EU member states are excluded; and (ii) it is generally convened on an *ad hoc* basis, mainly to brief donors on Kenyan government—IMF/WB discussion (EC 2004:28).

The Kenyan government has taken the lead in efforts to coordinate, harmonise and align development cooperation through the recently established Kenya Coordination Group (KCG), chaired by the Ministry of Finance. Most of the major development partners in Kenya are organised in the aforementioned Donor Coordination Group (DCG). DCG is the forum for overall donor coordination and contains a number of sector sub-groups under it, including a special group on Harmonisation, Alignment and Coordination (HAC)<sup>5</sup>, which has been set up

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<sup>4</sup> <http://siteresources.worldbank.org/KENYAEXTN/Resources/donorharmonization.pdf>

<sup>5</sup> Donor co-ordination: “The better sharing of ideas and information on activities to avoid duplication, and the establishment of structures to permit this. May involve coordination with Government as well. But does not lead to significant changes to policies, procedures or practices.” Donor Harmonisation: “Refers to the extent to which there are

to harmonize, align, and coordinate their activities with the aim of increasing the efficiency and effectiveness of aid and of reducing transactions costs to government, in line with the objectives of the Rome/Paris Declaration. The World Bank is chairing the HAC group, and it began in 2003 with an initial membership of seven bilateral and multilateral agencies. Since then the number of HAC members has more than doubled and the work-load has grown commensurately. The HAC secretariat was therefore established to serve as a focal point for HAC related matters, manage the workflow, and coordinate HAC-related activities of members.<sup>6</sup>

Although there is a clear trend towards increased donor coordination in specific countries throughout East and Southern Africa, it is a process marked by significant problems and challenges. As illustrated by the complex pattern in Kenya, one general problem is the overlap and duplication and competition between different coordination mechanisms. What is important for the purposes of this paper is the fact that the EU and the European Commission is not contributing to donor coordination and aid effectiveness. It is widely recognized that there are tensions between the EU member states and the Commission, as well as between individual EU member states. Dearden “identifies the conflicting objectives for development policy amongst the member states as lying at the heart of the EU’s development policy problems” (Dearden 2003: 105). Similarly, a recent review by the Commission shows the weak progress of donor coordination within the EU. In fact only about 30 per cent of member states use the EU’s Common Framework for Country Strategy Papers (CSPs) as a tool for bilateral programming (half of the old EU-15 use CSPs). As an indication of the prevailing challenges, only around half of the member states (13 of EU-25, 6 of EU-15) have indicated that they were “willing to move towards one common EU multi-annual strategic programming document per partner country” (European Commission 2004c). Notable among the EU member states not giving an affirmative response to the Commission’s call for coordination were France, the UK and the Netherlands (Ibid).

This picture of a low degree of EU coordination is sustained in a comparison of the rhetoric and policy declarations coming out of the Commission and the EU capitals, with the

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common donor policies, procedures, and practices, through collaboration and joint programming, but may be carried out independently of Government’s own policies, procedures and practices.” Donor alignment: “Refers to the extent to which donors use Government’s own systems and processes and channel their support through Government’s own programmes and strategies. Includes the extent to which donor finances are contained within the Government’s own budget and planning process.”

<sup>6</sup> HACs home page (accessed 26 April 2008):

[http://www.hackenya.org/index.php?option=com\\_content&task=view&id=19&Itemid=275](http://www.hackenya.org/index.php?option=com_content&task=view&id=19&Itemid=275)

role attributed to the EU by field officers in East and Southern Africa. Rather than performing as a platform for coordination between EU member states, the role of the Commission is concisely summarized by the Head of Delegation of the European Commission in Kenya, who describes the Commission as “just another donor”. Notwithstanding some scattered examples of the EU Troika and the Council President acting as a coordination mechanism, interviewees assert that the EU does not function as a hub for coordination between EU member state initiatives and the Commission. Indeed, tensions are apparent between Brussels and the member states, and also between Brussels and the Commission delegations in the field (Interviews in Southern and East Africa, 2004).

The lack of EU-driven coordination on the country level should not distract from the general trend towards increased donor coordination in East and Southern Africa (and large parts of Africa as a whole) that has been mentioned already. As discussed in more detail below, Tanzania is a case in point. However, significantly, these coordination processes are not centered around the EU or the European Commission, but instead revolve around a series of other mostly multilateral coordination mechanisms, such as the Paris Agenda, the MDGs, the PRSPs, country-based mechanisms for budget support and SWAPs. Just like any other large donor, the Commission occasionally takes on the role of “lead donor” in a particular sector under a SWAP, but it typically falls short of its declared commitment to ensure coordination within the EU. For instance, as a senior official of the Delegation of the European Commission in Mozambique points out (describing the Commission’s role in the field of HIV/Aids):

The Commission is almost a Byzantine bureaucracy in certain respects... All the others harmonize including the Norwegians, the Dutch, and the Irish. And they ask me that as we have agreed in principle on some many things, why can’t you also take part in this? I try to tell them that it is not because we don’t want to, but we have rules. But I know they still think this is an odd position. (Interview in Maputo, Mozambique, February 2005)

Other bilateral donors share this view of the Commission. One donor representative described the Delegation of the European Commission as “probably the most

difficult donor to cooperate with because of its unique and bureaucratic administrative routines and funding mechanisms” (Interview in Maputo, Mozambique, February 2005). Another EU member state representative described the European Commission as “someone who likes to go his own ways and always follows the dictates from Brussels instead of supporting existing coordination efforts” (Interview in Maputo, Mozambique, February 2005). Addressing the reasons for the lack of coordination within the EU this interviewee also suggested that many donor officials regard coordination as “an extra burden that takes away focus from the ordinary work [and from] their own programs” (Interview in Mozambique, February 2005).

### *3.1. The case of Tanzania*

For a number of years Tanzania has been a testing ground for various coordination attempts and it is often held out as a success case of donor coordination, harmonization and alignment. It is one of a relatively small number of countries for which an action plan for coordination has been completed, and its implementation is underway (OECD/DAC 2005b).

The European Commission, together with the individual EU member states, account for over half of the development assistance to Tanzania (European Commission 2006: 1). The European Commission runs its own program of support to Tanzania and eleven EU member states have bilateral programs. Tanzania is seen as one of the prime countries targeted by the Commission for an increase in EU coordination (Lehtinen 2003). One of the Commission’s official aims is to coordinate “closely with the Embassies of the EU Member States in Dar es Salaam, to ensure that European Aid makes a coherent and effective contribution to Tanzania’s development efforts” (European Commission 2006: 1).

Efforts to increase coordination in Tanzania dates back at least to the mid-1990s, when the Tanzanian Government and some of its longest standing partners from the Nordic countries established a National Poverty Eradication Strategy, which was to provide a common platform for identifying and prioritizing action, formulating policy and conducting joint evaluation and monitoring missions. The Tanzanian government also presented a number of key documents—in particular the Tanzania Assistance Strategy (TAS) and the Development Vision 2005—indicating its commitment to poverty reduction, which donors were called to support. During the late 1990s a number of European donors (Denmark,

Finland, Ireland, the Netherlands, Norway, Sweden, Switzerland and the UK) jointly contributed more than US\$85 million for establishing a Multilateral Debt Relief Fund (MDF). The funds were disbursed into a special account, and payments were made when debt obligations were due. The stated aim was to create a budget surplus to be used in the social sector, and to qualify Tanzania as a Highly Indebted Poor Country (HIPC).

According to Lehtinen (2003) the coordination efforts put in place during the 1990s were beginning to show some progress when they were “interrupted” by the Bretton Woods institutions in the late 1990s, when the PRSP was introduced as the main platform for donor coordination. Lehtinen argues that there was a lack of compatibility regarding both process and content between earlier initiatives and the PRSP. Nevertheless multilateral and bilateral donors rapidly lined up behind the PRSP initiative and, following the adoption of a full PRSP in October 2000, this has served as the main platform for coordination in Tanzania.

As a result of the priority accorded to the PRSP and the HIPC, in 2001 the European Commission joined forces with other donors in an effort to transform the MDF into a Poverty Reduction Budget Support (PRBS). The aim of the PRBS was to support sectoral budgets with strong links to poverty reduction and at the same time increase both the predictability of donor flows and the level of ownership by the recipient. To this end donors began providing budget support either directly to the national budget (through the Ministry of Finance) or earmarked to specific sector baskets within the framework of different SWAPs.

Progress in the use of budget support as a means to increase coordination was reported in a recent review undertaken jointly by the Tanzanian government and a group of development partners (Government of Tanzania and development partners 2004). The report recognized increasing “trust and continued dialogue” between Tanzania and the donors, which is important in furthering aid effectiveness. There was also genuine progress in donor coordination and alignment. For example, recent reforms have raised the level of predictability of aid procurements to 100 per cent. Furthermore, increased cooperation between donors has resulted in a project to develop a common calendar of project cycles to be synchronized with the government’s budget system, which will provide the Tanzanian Government with periods of “quiet times” to enable it to focus on budgetary processes rather than engaging with donors.

In parallel to the increasing use of budget support, a series of mechanisms and institutions for donor coordination have been initiated. The hub within this structure is the Development Partner Group (DPG), which comprises over thirty bilateral and

multilateral agencies, including the European Commission and all EU member states active in Tanzania (<http://www.tzdac.or.tz/main/main.html>). Voluntary consensus is the basis of the DPG's work, and explicit goals are to identify common positions on certain policy issues and to entrust a "lead donor" to be the main voice in relations with the Tanzanian government.

Linked to the DPG are a number of SWAP groups that address technical sectoral (or thematic) issues, and then report back to the DPG. Efforts are made to link up sectoral initiatives to key processes at the national level (such as budget planning) and to encourage the use of joint reviews and information sharing. Reports indicate that the success of coordination varies across sectors and themes. The Commission is active in some of the SWAPs where most progress has been observed; for instance in primary education, where the Commission cooperates with Canada, Ireland, the Netherlands, Norway and Sweden through a system of pooled funding (GDPRD 2005: 57). The Commission is also engaged, together with Denmark, Japan, Ireland and the World Bank, in setting up a SWAP in agriculture.

There are therefore a number of donor coordination initiatives at the country level in Tanzania. However, despite the European Commission's stated ambition of forging a common and coordinated EU development policy, there is little or no evidence of this in situ. As the Tanzanian case shows, this situation does not reflect a lack of demand for donor coordination, but rather reflects the lack of effectiveness and legitimacy of the EU in these processes. One donor official in Tanzania claims that "the European Commission representation is *just like any other bilateral or multilateral donor agency* acting on policy issues" (Ibid., our emphasis). In some cases the European Commission representative or acting EU Chairman could act as chairman in donor meetings on practical issues where the EU member states try to act together, but "the European Commission does not have a bigger influence than any of the member states in these discussions" (E-mail correspondence 13 January 2003).

#### **4. Donor coordination on the regional level in East and Southern Africa**

There are a variety of regional aid programmes and projects in East and Southern Africa, which are often concentrated to regional integration arrangements, and to fields of natural resources, transport and health. The EU is the largest and most important region-supporter in the donor community, but also the World Bank and other bilateral donors such as Sweden and Germany have regional development programmes.

This section focuses on two cases, firstly, the transboundary efforts in the environmental sector in East Africa, and thereafter the efforts to combat HIV/Aids in Southern Africa. Although there are other relevant cases, these are selected because the European Commission has identified these as forerunners in the efforts to enhance a common EU approach, which increases the chances of concrete results being visible on the ground (European Commission 2004d, 2005). The picture that emerges from these two cases is that donor engagements at the regional level are often contradictory and competitive rather than mutually reinforcing and coordinated. Many donors support numerous projects in the same region without any coordination, nor is there serious reflection about how the projects relate to other projects/prgrammes. Different donors (and sometimes the same donor) tend to support and fund overlapping or competing regional organizations and transboundary projects, without much organized or systematic coordination between them. Contrary to the EU's official rhetoric and ambitions, the Union has failed in coordination.

#### *4.1 The case of natural resources management in East Africa*

There is fairly weak coordination and, at times, also competition between different donor programs for regional and sub-regional cooperation in the field of natural resources management in East Africa, particularly in the Lake Victoria region. Following the mending of relations between the riparian states and the formation of the East African Community (EAC), the European Commission initiated a series of regional projects to address the environmental degradation of Lake Victoria (the second largest freshwater lake in the world) and to explore its resources. The trade and social interaction around the lake was held out as the basis for a functionally driven integration process, not dissimilar to the European integration experience (European Commission 2006a). Parallel to the European Commission's initiatives, many other donors—including several EU member states—have initiated separate transboundary programs in the region. In Tanzania, for instance, Sweden, Norway, France, the East African Development Bank (EADB), the United Nations Development Programme (UNDP), the Global Environment Facility (GEF), the Food and Agriculture Organization of the United Nations (FAO), the United States Agency for

International Development (USAID) and the World Bank are jointly engaged in transboundary natural resource management. What is particularly noteworthy, however, is the fact that they lack a forum for coordination (United Republic of Tanzania and European Community 2002).

The Lake Victoria Environmental Management Project (LVEMP) is one of the most comprehensive regional programs in the region. It began in 1994 in order to promote the rehabilitation of Lake Victoria's ecosystem, with funding from the Global Environmental Facility (GEF) and the International Development Association (IDA). An evaluation of LVEMP identified a weak connection between this program and similar initiatives within the EAC and the Lake Victoria region. Following re-negotiations with the member states of EAC, a follow-up project—LVEMP II—was launched in 2005, with the stated objective of feeding into the regional integration agenda defined by the governments within the Lake Victoria basin and its development partners. In an attempt to strengthen its role in regional integration in Africa, the World Bank and GEF stated that LVEMP II should be further integrated with the World Bank's Nile Basin Initiative (NBI) as a means to increase economic transactions and peaceful cooperation among the ten states situated along the Nile (from Egypt to Burundi). But this initiative is widely seen as asymmetric, due to the fact that cooperation with other regional donors is welcomed, but conditional upon that these contribute to the NBI platform. Even more problematic are the uncertainties surrounding how the regional integration process within the EAC and in the Lake Victoria region is reconciled within the NBI framework, involving states with long histories of resentment and conflict.

The Swedish Lake Victoria Initiative (LVI) is another example of a bilateral region-building initiative, with the aim of supporting the ecosystem of the Lake Victoria region. It has a comprehensive agenda, stressing coherence between various sectors influencing the Lake Victoria ecosystem. The official view held by Sweden and by the countries around the Lake Victoria is that the LVI is closely tied to EAC policies and that its role is to provide a vehicle for donor-partner coordination. However the implementation of this initiative has been marked by difficulties in identifying the regional counterpart, problems in linking with the EAC agenda and uncertainties about how to integrate Swedish initiatives in the three riparian states with the regional approach of LVI (Kenya, Uganda and Tanzania). In spite of these problems, the LVI has been promoted as a “flagship” in Swedish development policy; the Swedish International Development Cooperation Agency (Sida) has officially proclaimed LVI as “the most important challenge for Sida during the coming 20 years” (Sida

2001). Here, it is worth noting that the LVI is modelled on Sweden's experience from the Baltic Sea Cooperation (BSC). The fact that Sweden has officially declared that it wants to export the "unparalleled success" of the BSC to the Lake Victoria region (Sida 2001) has to be understood from the perspective of its self-image as the driver of the BSC.

Donor coordination initiatives around the lake have remained low-key. Of particular interest is the lack of coordination mechanisms between LVI, LVEMP I and II, and other similar initiatives by the European Commission and the EU member states. In an attempt to remedy this situation, the riparian countries established the Lake Victoria Development Programme (LVDP) in 2001, with the stated ambition of increasing donor coordination within the basin. This resulted in the signing of a Protocol for Sustainable Development of Lake Victoria (intended to regulate all actors' interactions related to the lake), the initiation of the Lake Victoria Basin Commission and the launch of LVEMP II. However, six years after the launch of the LVDP, the level of donor coordination has not moved beyond rhetoric. Practical modalities of joint planning and programming of interventions are still to be developed and donors remain unaware of other donors' activities around the lake (Interviews in Stockholm March 2007).

#### *4.2. The case of HIV/Aids in Southern Africa*

It has become clear that both the causes and effects of HIV/Aids are transboundary in nature, and donors have begun to set up regional programs to provide effective responses. These programs take different forms. A survey conducted by Gelmon (2004) reported that at least eight donor agencies have set up separate regional programs or representatives in the fight against HIV/Aids. This group includes the European Commission and a number of bilateral donors, such as the Netherlands, Ireland, Sweden and Norway. The European Commission's delegation in Botswana carries the Commission's responsibility for fighting this pandemic in the SADC region, and a regional health advisor in Pretoria gives technical input to other delegations (Interview in Maputo 2005).

The various regional international development programs to fight HIV/Aids operate largely independently, with very little division of labour between them, resulting in a lack of coordination, increased transaction costs and a loss of efficiencies of scale (Gelmon 2004). An exception is the joint HIV/Aids secretariat for Southern Africa, established by Sweden and

Norway in 2001. But in spite of its innovative approach, the remit of the secretariat is limited to channeling funding to regional HIV/Aids programs and supporting Swedish and Norwegian bilateral programs in Southern Africa in their activities to integrate HIV/Aids into development cooperation. Another exception is a recent initiative by a group of donor officials who set up an informal regional platform for coordination between the Commission, Sweden, Norway, the Netherlands, Ireland, the UK and the Joint United Nations Programme on HIV/AIDS (UNAIDS). Some issues on the agenda are how to co-finance regional programs (for example through common basket funds), how to develop common planning and report systems, and a joint study on coordination potentials at community levels. However, this group is loosely composed and meetings are held irregularly. Interviews reveal that the group relies on the enthusiasm of a small group of individuals and it has no formal terms of reference, official work-plan, or formal institutional support (Interviews in Lusaka, March 2005; Regional consultancy to improve donor coordination 2004).

One of the most advanced examples of donor coordination at the regional level is the Soul City Regional Programme, in which several donors—the European Commission, the UK, Ireland and the Netherlands—have managed to coordinate regional media initiatives in the fight against HIV/Aids. Soul City is a large multimedia NGO that supports health and HIV/Aids-related programs on a regional level in Southern Africa. The donor funding is channeled through a basket fund (Interview in Maputo, March 2005). The memorandum of understanding that regulates this initiative indicates that its aim is to “facilitate joint working and cooperation between the donors and between the donors and the beneficiary” whilst maintaining one work-plan, one reporting system, one set of evaluation procedures and one audit jointly commissioned by all stakeholders (Soul City 2004). From a EU perspective, it is worth noting that the format for reporting, evaluation and audit is based on the European Commission’s standard. Cooperation between the donors is quite formalized, and there is an explicit division of labour, as the donors meet regularly with Soul City management in the “Joint Donors Forum”. A Soul City official, who oversees a collectively set agenda, chairs the Forum. Donors have the right to represent each other at these meetings, and one appointed donor representative directs and organizes all formal communication between the donors and Soul City. Our interviews indicated that there are also more informal modes of coordination between the donors, parallel with the more organized donor coordination mechanisms, for instance at various social gatherings and through after-hour activities.

## 5. Explaining (the lack of) donor coordination

There are a number of different coordination mechanisms available in East and Southern Africa, and there is some success in some sectors and countries. However, we can see variation in the level of coordination within and between sectors on a country level, and a general lack of or only embryonic donor coordination on a regional level. Furthermore, what is particularly interesting insofar as the EU is concerned is that contrary to official discourse the EU is not functioning as a coordination mechanism, neither on a country level nor on a regional level. We emphasise “functionalism” and “identity” as the two main variables accounting for this variation in donor coordination in East and Southern Africa.

**Table 2.** Explaining patterns of donor coordination.

<b>Donor coordination Recipient</b>	<b>Multilateral or plurilateral coordination</b>	<b>EU coordination</b>
<b>Countries</b>	YES Functionalism (“aid effectiveness”)	NO Identity (and “failed functionalism”)
<b>Regions</b>	NO/EMBRYONIC Identity (and coherence prevents coordination)	NO Identity (and coherence prevents coordination)

### 5.1. Functionalism

The functional dynamic of donor coordination is driven by the goal of resource effectiveness, problem-solving and specialisation. Actors cooperate since they share the same goals and interests. It follows that problems are of a technical nature (apolitical) and can be solved as they arise, implying that there is no need for deepened institutionalisation or regulation of actor’s behaviour. As a response to prevailing resource ineffectiveness and duplications of aid measures, functional coordination favours increased specialisation and a division of labour between donors whereby each donor focuses on a specific policy sector or

programme (e.g. roads, urban water management, legal sector reform). An example is found in the current structure of donor coordination in Kenya, whereby the donors have set up Technical Coordination Groups (TCGs) modelled on the structure of line departments in the Government of Kenya. Each TCG strives to achieve increased coordination within the donor community and across to the recipient's department (alignment). In some sectors (like water and sanitation), one donor has been given the role of "lead donor" as an acknowledgement of its expertise and special interest in the sector.

Although sectoral specialisation has its obvious benefits, it prevents cross-sectoral and multi-sector approaches and cooperation, such as eco-system management of natural resources in which social, ecologic, and economic sectors within an entire river basin should be addressed in a coherent manner. As an example, in Kenya there are few (if any) institutionalised venues for interaction between the TCG engaged in environmental management and legal sector reform respectively, even though a sustainable ecological approach demands reforms of the legal framework for environmental management. The functional dynamic and sector specific specialisation and resource effectiveness comes at the price of less attention to cross-sectoral coordination (coherence), which explains the empirical finding on national levels reported above.<sup>7</sup> For similar reasons this variable also explains the lack of or low level of coordination of donors' regional programs (because these are multisectoral and every donor is preoccupied with ensuring coherence at the expense of donor coordination).

Most coordination mechanisms are informal, flexible and voluntary, which makes it easy to initiate coordination, but more difficult to sustain or move beyond a certain point. The modalities for coordination within EU are limited. In the Declaration on Development Policy by the Council and the Commission (2001) the modalities of operational coordination between the Commission and the member states include, in particular: (i) exchange of information; (ii) meetings between representatives of member states and the Commission delegation; (iii) joint programmes, studies, analyses and evaluations; and (iv) sharing of best practices and lessons learned through implementation (EU, 2001).<sup>8</sup> Our research does not suggest that coordination actually occurs automatically because of such non-demanding modalities. Coordination is more difficult, and not simply a technical matter, being solved due to enhanced flow of information.

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<sup>7</sup> Resource availability in field-offices and the current political priority on coordination are likely candidates to explain the prioritising of sector specific coordination.

<sup>8</sup> The commitment towards these mechanisms were reconfirmed through the establishment in April 2004 of EU Ad Hoc Working Group on Harmonisation.

In addition, there are several administrative obstacles towards deeper policy coordination. These are revealed in many different ways, for instance in donors' different programming cycles. Many EU donors face legal constraints to use procedures other than their own. Against this background, the Commission believes that the intention to harmonise around the partner country's procedures should be a long-term goal. In order to reduce transaction costs in the short to medium term, the EU should reduce the number of different procedures applied by EU donors and establish, while taking account of existing regulatory constraints, core "minimal EU implementation requirements". The transaction costs for partner countries would be drastically reduced, while the donors' reporting requirements would be satisfied. The minimal requirements should serve as a benchmark and be flexible enough to be adapted as soon as the quality standards are met to the partner country's own procedures.

It is very clear that other coordination mechanisms are more important compared to EU coordination mechanism, such as the Paris Agenda, PRSPs, and more informal coordination around "lead donors" and so on. The added value of EU coordination is contested and unclear.

Functionalism as a variable is able to explain: a) the high degree of policy coordination on the country level, but first and foremost outside the framework of EU; b) the low level of coordination of EU development policy since EU's motive for coordination is political and identity-driven; and c) that the effort to enhance coherence of individual donor's (multisectoral) regional development programmes works against policy coordination between donors.

## *5.2. Identity*

"Identity" is the other main explanatory variable emphasised in this study. Development engagements have traditionally been the battlefield for competing identity claims. A donor's "identity" (including symbols, "status", and flag-waving) may be strengthened by engaging in development cooperation. The manifestation of "la francophonie" by France is a frequently cited example. But the role of identity tends to be neglected in the literature on development cooperation. In Sweden, for instance, solidarity and egalitarianism is assumed to be one of the main motives of Swedish development assistance. This is falsely assumed to be delinked from Swedish donor identity. Recently the argument has been made that Sweden's identity as a

neutral country during the Cold War was strategically strengthened by Sweden's high profile as an independent as well as egalitarian actor in development circles. Swedish development policy was, so the argument goes, driven by the need to manifest a Swedish identity and image as a neutral actor. Moreover, evidence suggests that Sweden, within the EU framework and on the global scene, still has the ambition to promote its identity as "an exceptional donor" and "the darling of the South".

Our analysis suggest that the EU's ambition to be the hub of donor coordination is not primarily driven by the effort to increase aid effectiveness (functionalism) but rather to build the EU's identity and reputation as "a global actor" (Bretherton and Vogler, 1999). Much of what the Commission does is ultimately aimed at consolidating the EU as a global actor, establishing presence and building actorness. A senior policy advisor of a EU member state concurred: "Development policy is a tool for the Commission to build the EU as a global actor" (Interview, Stockholm January 2007). The Commission seeks presence not simply as "just another donor", but as a collective and global actor, thereby representing both the EU as a regional polity as well as the EU member states. The Commission's failure to achieve this goal in the field of development cooperation (beyond the Commission's own aid programs) reflects its inability to present to member states its comparative advantage and a coherent "value added" proposition relative to other coordination mechanisms and regional programs.

Indeed, from a functional perspective it is not clear what the EU can do more effectively, nor why it should take on a leading role in development cooperation, either at the regional or the country level. At the same time, the field of development cooperation remains a scene for the manifestation of international identities, not only for the European Commission, but also for the individual EU member states. The attempts for a centralised and common European Aid policy with the Commission in the driver's seat compete both with the functional coordination mechanisms as well as with other identity-driven ambitions of bilateral donors, such as France and UK and also Sweden. Hence the identity motive may explain the lack of policy coordination, especially on the regional level. This is because when identity is important for a donor, this can make policy coordination more difficult. To the extent that development policy is driven by the ambition to manifest one donor's identity, these efforts can be seen as a threat to other donors' identities. Coordination efforts under the banner of a common identity, such as the EU, limit the visibility of the individual donors and member states. As one donor official put it "A donor who does not give is not a donor" (Interview in Harare, 2001). Applied to the dynamic of identity formation, it could be

said that ‘a donor who is *not seen* to be giving is not a donor’.

In general, the identity variable does not travel well with “aid effectiveness” and functionalism. But there are links. To some extent, the identity motive can explain the particular type of policy coordination known as “lead donor”, which is a kind of division of labour where one particular donor is given responsibility for leading a particular sector and the other donors are followers. Lead donor and sectoral specialisation/responsibility can thus be explained both by a functional dynamic and identity claims. Being a “lead donor” enables a donor to manifest its own identity for the sector it is in charge of.

A key point raised in this paper was that in sharp contrast to multilateral donor cooperation on the country level, there is a general lack of coordination between donors’ regional programmes. There are at least two main explanations for this lack of coordination: (1) Identity: Identity motives are strong in donors’ regional programmes. In the process of donor coordination (especially on the country level where the functional logic dominates) the identity and visibility of each donor is reduced, which explains why they tend to engage and create regional programmes which can be seen as “their own” and where they can strengthen their own identity and visibility as donors. In essence, the identity motive prevents donor policy coordination. (2) Coherence prevents coordination: since regional programmes are often comprehensive, multisectoral, each donor tries to enhance coherence (within their own programme), which is at the expense of donor coordination. A final point is that it should be noted that the donors’ regional programmes are not necessarily competing, but can also be complementary or exist side by side without duplication.

## **6. Conclusion**

The European Commission and the Council have jointly launched a reform of EU’s development policy aiming at increased coordination between EU and the member states. This initiative comes at a time when there are strong trends of donor coordination and harmonization in the broader donor community. There is a reasonable and at times relatively sophisticated degree of coordination in the donor community on the country level in East and Southern Africa. This type of coordination is taking place within general frameworks such as the Paris Agenda, the PRS and it occurs mainly on a sectoral and thematic basis. There is some success, especially in budget support in Tanzania and Kenya, and certain sectors, where we witness a division of labour and specialisation with “lead donors” as centres of

coordination. This pattern can be explained according to a functional logic. Here it is particularly important to note that the EU, in contrast to official rhetoric, is not a viable or functioning coordination mechanism. This can be explained by the fact that the EU's efforts at policy coordination are not primarily motivated by aid effectiveness (functionalism), but by attempts to manifest its identity and increase EU's legitimacy and role as a global actor.

In particular, it is argued that the EU's ambition for coordination is first and foremost tied to its self-serving ambition to manifest its identity as an actor in the international system (increasing actorness rather than aid effectiveness). Acting to manifest its own identity through a coordinated EU policy creates a zero-sum situation whereby the identities of the individual member states are threatened. Due to the duplication and competing nature of different coordination projects, each motivated by identity claims, donors may find themselves engaged in less, rather than more, coordination. In general, coordination tends to be counteracted by competing identity claims — with the primary exception of “lead donors”, which appears to be a solution both for aid effectiveness and for donors' quests for manifesting their own identity.

The competing identity claims are even more important in the making of donor policies on the regional level in East and Southern Africa. The EU is perhaps the largest and most important “region-builder” and region-supporter in the world. This ambition is clearly visible in East and Southern Africa, even if the World Bank and other bilateral donors such as Sweden and Germany also engage in region-building and regional development cooperation. A key point raised in this paper is that in sharp contrast to trends on the country level, there is a general lack of coordination between donors' regional programmes. There are at least two main explanations for this lack of coordination: (i) regional development programmes are often driven by identity motives, which tend to prevent donor coordination; and (ii) every donor tries to enhance coherence within their own regional development programme, which tends to prevent donor coordination.

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