

Procurement capacity building support actions in Africa

Policy and Implementation of the Commission's external assistance - Seminar December 2006



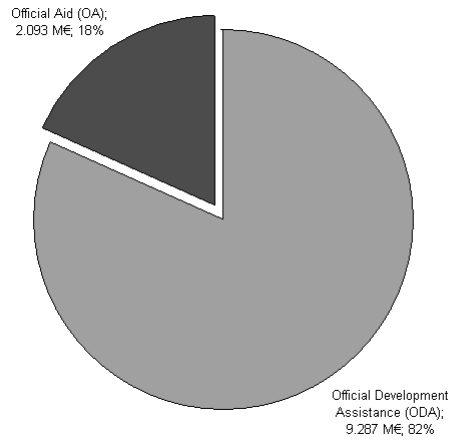
Structure of presentation

1. Commission's external assistance in Africa
2. Increased use of budget support: capacity building by doing
 - 2.1 Policy
 - 2.2 Implementation
3. Capacity building support actions
 - 3.1 Policy
 - 3.2 Implementation
4. Conclusion

1. Commission's external assistance in Africa

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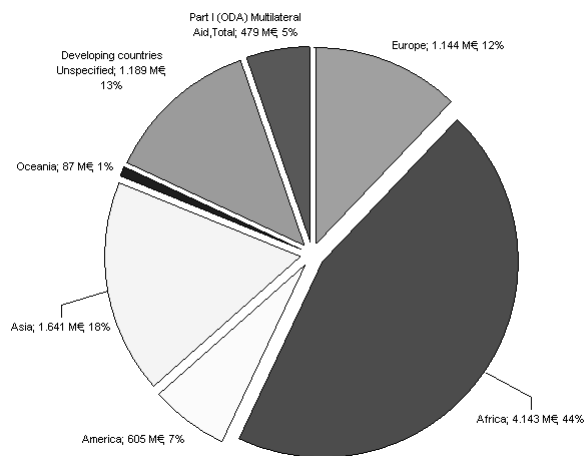
European Commission's development aid in 2005



1. Commission's external assistance in Africa

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Regional distribution of European Commission's development aid (ODA) in 2005



1. Commission's external assistance in Africa

EuropeAid

European Development Funds (EDFs)

2005:

Commitments 3,511 M€

mainly implementation of the 9th EDF

EuropeAid's annual report covering the year 2005

http://ec.europa.eu/europeaid/reports/index_en

Period 2008 – 2013:

new financial envelope for the 10th EDF

22,700 M€ for the period 2008-2013

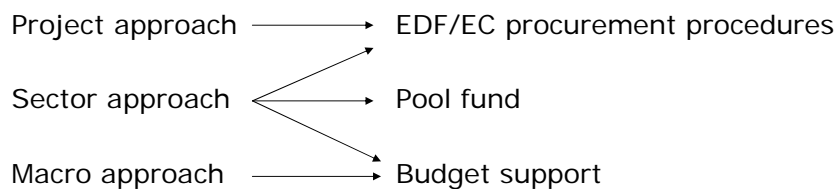
2.1 Increased use of budget support – Policy

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Main delivery modalities:

Approach

Delivery modalities



2.1 Increased use of budget support – Policy

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“The European Consensus on Development”:

“Where circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partner’s national accountability and procedures, to finance national poverty reduction strategies (PRS) and to promote sound and transparent management of public finances”.

EU Official Journal, C 46 of 24/02/2006 - <http://eur-lex.europa.eu>

2.1 Increased use of budget support – Policy

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« Governance in the European Consensus on Development »:

Budget support is qualified as "a preferential arrangement". "Alignment on the partner countries' development strategies and increasing use of budget support reinforce the role of the national democratic institutions, e.g. parliaments, directly involved in the relevant decision-making processes under national law".

Communication from the European Commission on 30 August 2006 - COM(2006)421 - <http://eur-lex.europa.eu>

2.1 Increased use of budget support – Policy

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“Paris Declaration Aid Effectiveness”, target 5b

Use of country procurement system:

- reduction in the proportion of flows from the Commission to the public sector of the Partner Countries, not using the Partner Countries' procurement systems
- increase in the number of donors which use Partner Countries' procurement systems

2.1 Increased use of budget support – Policy

EuropeAid

Additional commitments from the Commission:

In addition to the commitments undertaken in the Paris declaration, the European Commission undertakes "to channel 50% of government to government assistance through the Partner country's national budget".

EU Presidency statement of 02/03/2005

<http://www.eu2005.lu/en/actualites/discours/2005/03/0102schiltz/index.html>

2.1 Increased use of budget support – Policy

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Eligibility criteria for budget support:

- (1) national development or reform policy and strategy
- (2) stability-oriented macroeconomic policy
- (3) credible and relevant programme to improve public financial management (PFM)

ACP-EU Cotonou Partnership Agreement, article 61(2), EU Official Journal, L 317 of 15/12/2000 - European Neighbourhood and Partnership Instrument, article 15(2)(e), EU Official Journal, L 310 of 9/11/2006 – <http://eur-lex.europa.eu>

2.1 Increased use of budget support – Policy

EuropeAid

Criterion n° 3: Assessment of the PFM system:

The “Public Financial Management – Performance Measurement Framework” (PFM-PMF) of the PEFA (Public Expenditure and Financial Accountability) initiative

<http://www.pefa.org/index2.htm>

2.1 Increased use of budget support – Policy

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PEFA indicators:

28 indicators covering 6 essential dimensions of PFM systems:

- (i) credibility of the budget
- (ii) comprehensiveness and transparency of the budget
- (iii) policy-based budgeting
- (iv) predictability and control in budget execution
- (v) accounting, recording and reporting
- (vi) external scrutiny and audit

2.2 Increased use of budget support - Implementation

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Overall budget support in 2005:

<u>Year</u>	<u>% in total commitments</u>	
2004	17%	
2005	20%	1,550 M €

2.2 Increased use of budget support - Implementation

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"Aid Effectiveness Package" report to the EU Development Cooperation Working Party:

In 44% of the countries, the percentage of EU assistance provided through budget support has increased over the last 3 years.

- 24 EC Delegations report a steady increase of less than 25% per year
- 17 EC Delegations report a significant increase of more than 25% per year

Note of 28 March - Doc n° 65/06 DevGen – General Secretariat of the Council

2.2 Increased use of budget support - Implementation

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OECD Survey Monitoring Paris Declaration – Provisional results of EC's replies

Name of Partner Country	Indicator 3: Aid on Budget		Indic. 5b: Proc.	Ind. 5b
	Donor Q ^d 1	Donor Q ^d 2	Donor Q ^d 9	
Zambia	110.800.000	109.600.000	67.500.000	62%
Tanzania	147.286.910	121.185.101	56.132.543	46%
Mozambique	152.713.732	136.208.508	64.472.567	47%
Niger	74.167.851	65.578.314	40.749.014	62%
South Africa (in €)	146.690.000	139.000.000	58.000.000	42%
Burkina Faso	104.158.393	91.629.325	51.912.597	57%
DRC	103.750.000	74.460.000		
Mali	133.870.000	125.430.000	61.460.700	49%
Ethiopia	169.870.000	158.550.000	15.855.000	10%
Kenya	148.700.000	141.100.000	94.762.760	67%

2.2 Increased use of budget support - Implementation

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Example - general budget support in Uganda:

"National Indicative Program (NIP) 2002 – 2007"

- *Envelope A* (246 M€): long-term development operations
 - Transport 93.5 M€
 - Rural development 36.9 M€
 - Macro-economic support 93.5 M€
 - Other programmes 22.1 M€
- *Envelope B*: unforeseen needs

2.2 Increased use of budget support - Implementation

EuropeAid

Example - general budget support in Uganda:

"5th Poverty Alleviation Budget Support"

Total Commitment: 92 M€: 87 M€ + 5 M€ capacity building

Payment Schedule

1st fixed tranche	15 M€
2nd fixed tranche	14.25 M€
1st variable tranche	21.75 M€ maximum
3rd fixed tranche	14.25 M€
2nd variable tranche	21.75 M€ maximum

2.2 Increased use of budget support - Implementation

EuropeAid

Example - general budget support in Uganda:

"5th Poverty Alleviation Budget Support"

Variable tranches - 11 performance indicators:

- P2 "establishment of an organisational structure for procurement entities"
- P3 "display of statutory information by procurement entities"

3.1 Capacity building support actions – Policy

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ACP-EU Partnership Agreement: Good governance

"Good governance is the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development. ... The Community shall provide support for political, institutional and legal reforms and for building the capacity of public actors in the framework of strategies agreed jointly between the State concerned and the Community".

ACP-EU Cotonou Partnership Agreement, article 9, EU Official Journal, L 317 of 15/12/2000 - <http://eur-lex.europa.eu>

3.1 Capacity building support actions – Policy

EuropeAid

« Governance in the European Consensus on Development »:

The "Incentive Tranche" in the 10th EDF: 2,700 M€

"When preparing new cooperation strategies with the ACP countries, the Commission will propose granting additional financial support to countries adopting or ready to commit themselves to a plan that contains ambitious, credible measures and reforms".

Communication from the European Commission on 30 August 2006 - COM(2006)421 - <http://eur-lex.europa.eu>

3.1 Capacity building support actions – Policy

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ACP-EU Partnership Agreement: Institutional development and capacity building

"Cooperation shall ... support the efforts of the ACP States to develop and strengthen structures, institutions and procedures that help to ... ensure transparent and accountable governance and administration in all public institutions ... Specifically, cooperation support shall focus on ... improvement of the management of public assets and reform of public procurement procedures"

ACP-EU Cotonou Partnership Agreement, article 33, EU Official Journal, L 317 of 15/12/2000 - <http://eur-lex.europa.eu>

3.1 Capacity building support actions – Policy

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“Paris Declaration Aid Effectiveness”, target 4:

50% of donor capacity-development support is provided through coordinated programmes consistent with Country Partner's national development strategies

3.1 Capacity building support actions – Policy

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Additional commitments from the Commission:

In addition to the commitments undertaken in the Paris declaration, the European Commission undertakes to "provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements".

EU Presidency statement of 02/03/2005

<http://www.eu2005.lu/en/actualites/discours/2005/03/0102schiltz/index.html>

3.2 Capacity building support actions – Implementation

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OECD Survey Monitoring Paris Declaration – Provisional results of EC's replies

Name of Partner Country	Indicator 3: Aid on Budget		Indic. 4: Capacity Dev.		Indic. 4
	Donor Q ¹	Donor Q ²	Donor Q ³	Donor Q ⁴	
Zambia	110.800.000	109.600.000	5.900.000	3.100.000	53%
Tanzania	147.286.910	121.185.101	29.050.000	3.486.000	12%
Mozambique	152.713.732	136.208.508	11.937.057	9.260.010	78%
Niger	74.167.851	65.578.314	3.070.873	0	0%
South Africa (in €)	146.690.000	139.000.000	49.600.000	49.600.000	100%
Burkina Faso	104.158.393	91.629.325	4.202.466	196.936	5%
DRC	103.750.000	74.460.000	18.150.000	363.000	2%
Mali	133.870.000	125.430.000	2.620.000	235.800	9%
Ethiopia	169.870.000	158.550.000	4.480.000	985.600	22%
Kenya	148.700.000	141.100.000	21.300.000	4.899.000	23%

3.2 Capacity building support actions – Implementation

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Survey EuropeAid in 2006

PFM capacity building support actions in 26 African Partner countries:

- 44 actions representing a total amount of 180 M€
- PFM capacity building actions within the budget support programme or stand alone projects

3.2 Capacity building support actions – Implementation

EuropeAid

Survey EuropeAid in 2006

Wide variety of PFM procurement related actions:

- in the field of fight against corruption
JV Procurement Methodology, indicator 12
Example: "Support to the Prevention of Corruption Bureau
Tanzania"
- capacity development given to the national audit instances
JV Procurement Methodology, indicator 9
Example: "Support to the Ghana Audit Service"
- ...

3.2 Capacity building support actions – Implementation

EuropeAid

Survey EuropeAid in 2006

Capacity building support actions for 13 budget support
programmes in 8 African Partner countries

Aid modalities:

- | | |
|-----|-----------------------------|
| 36% | EDF contractual procedures |
| 55% | basket funding arrangements |
| 9% | budget support |

3.2 Capacity building support actions – Implementation

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"Aid Effectiveness Package" report to the EU Development Cooperation Working Party:

In almost 50% of the countries, the percentage of capacity building assistance provided by the EU through coordinated programmes has increased over the last 3 years.

- 29 EC Delegations report a steady increase of less than 25% per year
- 13 EC Delegations report a significant increase of more than 25% per year

Note of 28 March - Doc n° 65/06 DevGen – General Secretariat of the Council

3.2 Capacity building support actions – Implementation

EuropeAid

Example - general budget support in Uganda:

"5th Poverty Alleviation Budget Support"

5 M€ capacity building support divided over:

- a) "Budget Policy and Expenditure" Department - Ministry of Finance, Planning and Economic Development
- b) "Public Procurement and Disposal of Public Assets Authority"
- c) "Monitoring and Evaluation" Department - Office of the Prime Minister
- d) Uganda Bureau of Statistics (UBOS)

4. Conclusion

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1. The Commission is fully committed to:
 - increased use of budget support and
 - capacity building support actions in the field of national procurement procedures

2. The implementation of these commitments:
 - increased use of budget support: on track
 - capacity building support actions: progress