



**COUNCIL OF
THE EUROPEAN UNION**

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12194/09

DEVGEN 206
FIN 267
RELEX 684
ACP 173

"I/A" ITEM NOTE

from : Working Party on Development Cooperation
dated : 15 July 2009
to : COREPER/Council

Subject : Draft Council Conclusions with regard to Special Report from the Court of Auditors No. 4/2009 on the Commission's Management of Non-State Actors' involvement in EC Development Cooperation
- Adoption

1. On 25 May 2009 the General Secretariat of the Council received from the Court of Auditors Special Report No 4/2009 concerning the Commission's management of Non-State Actors' involvement in EC Development Cooperation together with the Commission's replies¹.

¹ 10415/09 FIN 197 DEVGEN 161 RELEX 513 ACP 133.

2. Pursuant to the rules laid down in the Council Conclusions on improving the examination of special reports drawn up by the Court of Auditors², the Permanent Representatives Committee instructed the Working Party on Development Cooperation to examine this report and to draw the relevant conclusions³.

3. At the close of its discussions the Working Party reached agreement on the draft Council Conclusions annexed hereto. It suggests that the Permanent Representatives Committee recommends the Council to adopt them as an "A" item on the agenda for a forthcoming meeting.

² 7515/00 FIN 127 + COR 1.

³ 10416/09 FIN 198 DEVGEN 162 RELEX 514 ACP 134.

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COUNCIL CONCLUSIONS
WITH REGARD TO
SPECIAL REPORT FROM THE COURT OF AUDITORS NO. 4/2009
ON THE COMMISSION'S MANAGEMENT OF NON-STATE ACTORS' INVOLVEMENT
IN EC DEVELOPMENT COOPERATION

1. Introduction

1. The Council welcomes the Court of Auditors' Special Report No. 4/2009 on the Commission's management of non-state actors' (NSAs) involvement in EC development cooperation and its recommendations. The purpose of the Audit report was to explore the extent to which the Commission ensures that NSAs are involved effectively in the development cooperation process, through efficient and results-oriented management systems, and capacity development activities.
2. The Council notes that the Court's recommendations could contribute to raise awareness about the relevance of NSAs activities, create a more structured and predictable involvement of NSAs in EC development cooperation and help enhancing the capacity development of NSAs.

2. Involvement of NSAs

3. Convinced that NSAs can play a considerable role in the fulfilment and success of EC development cooperation, the Council takes note of the concerns expressed by the Court's report, in particular regarding the scarce involvement of partner countries' NSAs in the Commission's development cooperation, especially at grass root level. At the same time, the Council recognises that the objective of reaching NSAs in partner countries should be pursued further to a balanced assessment. Dialogue and consultation with the NSAs should be further strengthened both at country and headquarters level.

4. The Council welcomes that the Commission is already taking steps towards a strengthened participation of NSAs in EC development cooperation and notes the Commission's replies to the Court's recommendation regarding the involvement of NSAs. The Council also recognises the need, pointed out by the Commission, for a balanced approach between the involvement of NSAs and the respect for the partner governments' own priorities, mindful of the different legal bases framing NSAs involvement. The Council underlines the importance of country ownership in the development process of the government's priorities in line with EU aid effectiveness commitments.

3. Management of Activities implemented by NSAs

5. The Council notes that the Commission's management systems generally ensures that projects implemented by NSAs are relevant and are likely to produce the intended results. It also notes that improvements can still be realized, especially in the Calls for Proposals procedure, which is enshrined in the Financial Regulation as the default method to award grants, also taking into due consideration feedback coming from NSAs. The Council calls on the Commission to continue simplifying this procedure, improving transparency and giving more guidance to NSAs, especially on the practical application of the financial rules. The Council also invites the Commission to further pursue its efforts to ensure a consistent interpretation and application of procedures.
6. The Council welcomes the Commission's move towards a results-based management and underlines the importance of both EC Delegations and of NSAs to yield good results, particularly through developing, applying, monitoring and reporting on quantitative and qualitative performance indicators.

4. Capacity Development of NSAs

7. The Council shares the Court's concerns about the disparity detected in selected countries in the approach to capacity development between ACP and Asian and Latin American countries, which is induced by the different legal frameworks¹. The Council agrees that the excessive dependence of NSAs in Asian and Latin American countries on the thematic programme for funding capacity development should be avoided to the extent possible.
8. The Council notes that the Commission's response to the Special Report recognises the preference for channelling capacity development through geographic programmes, whenever possible.
9. The Council broadly agrees with the Court's recommendations on the implementation of capacity development programmes and welcomes the Commission's intention to increase its attention to the timely procedural management of programmes.
10. The Council acknowledges the challenges posed by the Calls for Proposals procedure to small and grass-roots organisations. In this regard, the Commission is encouraged to further promote improvements already within the legal framework currently governing the project selection process and, where appropriate, to support the relevant organisations without sufficient organisational capacities.

¹ The Cotonou Partnership Agreement and the Financing Instrument for Development Cooperation (DCI).

5. Recommendations

11. In the light of the above, the Council invites the Commission to:

- take further measures to strengthen the genuine involvement of NSAs in EC development cooperation and policy making processes and especially partner countries' NSAs, in line with existing instruments and guidelines;
- provide more guidance to NSAs on its procedures, emphasizing the need for predictable Calls for Proposals procedures or criteria to award 'targeted projects', especially with regard to the financial rules;
- take into account the experiences of the current project selection process and possible improvements resulting from the Mid-Term Review of the financial instruments for external actions when putting forward proposals on the review of the EC financial regulation;
- ensure, within the existing budgetary framework, that sufficient resources, guidance and expertise are available to EC delegations so as to be able to better manage the NSAs involvement in EC development cooperation;
- develop a consistent strategy for capacity development of NSAs in all partner countries, in line with the Court's findings in Asian and Latin American countries;
- sustain its dialogue with NSAs on the implementation of cooperation programmes, including in the framework of the 'Palermo Process';
- report back to the Council on progress in meeting these recommendations by the end of 2010.
