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EUROPEAN COURT OF AUDITORS
COUR DES COMPTES EUROPÉENNE
CÚIRT INIÚCHÓIRÍ NA HEORPA



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Information note of the European Court of Auditors concerning Special Report No 4/2009 on the Commission's management of Non-State Actors' involvement in EC Development Cooperation¹

Non-state actors are increasingly important in development cooperation. The term non-state actors (NSAs) covers all aspects of society that do not form part of the private sector or the state. In the field of development cooperation, non-state actors include non-governmental organisations (NGOs) and also community-based organisations, farmers' associations, business or professional associations, environmental groups, universities, trade unions, chambers of commerce, and foundations as well as churches or faith groups. The term non-state actors is often used as a synonym of civil society organisations, and it is in that sense that it is used in the report.

EC policy, reflecting the international consensus, increasingly involves NSAs in the development cooperation and in the implementation of development programmes and projects which directly provide benefits for the poor. The EC policy also provides for supporting the capacity development mainly of Southern NSAs to enable them to play these roles. Development funds directly attributed to NSAs have gradually increased, reaching in 2007 approximately 10 % of the combined general budget and European Development Fund aid to developing countries.

The Court's audit addressed the Commission's management of NSAs' involvement in development cooperation, and asked whether the Commission:

- adequately ensures that NSAs are involved effectively in the development cooperation process;
- has efficient management systems to ensure that activities implemented by NSAs are relevant and likely to produce the intended results;
- adequately ensures the provision of capacity development to NSAs.

Regarding the effective involvement of the NSAs in the development cooperation process, the Court found that, despite the Commission's attempts, this involvement has been limited and falls short of the sustained and structured dialogue envisaged by the EU legislation and the Commission's own guidelines.

Concerning the Commission's management systems, they generally ensure that projects implemented by NSAs are relevant and are likely to produce the intended results. But the Call for Proposals procedure does not always assure timely completion of project design, there is

insufficient guidance for NSAs on the practical application of the financial rules, and there are inconsistencies in the interpretation and application of procedures. There is insufficient monitoring, and prospects for sustainability are poor partly because of the short project duration.

As regards the provision of capacity development to NSAs, programmes are developed and form part of a strategy in most ACP countries. However there is a significant disparity between this approach and that in Asian and Latin American beneficiary countries, for which strategies have not yet been developed. The first round of capacity-development programmes were found to be highly relevant to the needs of NSAs in the beneficiary countries. However they did not reach their full potential mainly because management procedures led to delays that worsened the prospects for effectiveness and sustainability. The programmes are also faced with the inherent contradiction of supporting capacity development of the NSAs most in need by means of a procedure (Calls for Proposals) which is designed to select the best-performing NSAs.

On the basis of these observations, **the Court recommends** that the Commission should:

- strengthen and provide more guidance on its procedures for involving NSAs in the development cooperation process;
- continue measures already in train to improve the Call for Proposals procedure;
- enhance the targeting of monitoring and support by Delegations;
- ensure sufficient guidance for both Delegation and NSA staff on performance indicators;
- to improve sustainability, consider using a mix of instruments (and not only projects) when working with NSAs;
- develop a strategy for capacity development of NSAs in ALA countries and reconsider the disparity in approach as between ACP and ALA countries;
- examine additional ways of delivering the capacity-development policy aims such as use of partnership agreements, multi-donor funding, and cascading grants in order to better reach grass-roots organisations.

Special Report No 4/2009

http://eca.europa.eu/products/SR09_04

¹ The sole aim of this information note is to present a summary. The Special Report adopted by the Court of Auditors is available on the internet website (<http://www.eca.europa.eu>) and will be published in the near future.