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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT**

INCREASING THE IMPACT OF EU AID:

**A COMMON FRAMEWORK FOR DRAFTING COUNTRY STRATEGY PAPERS
AND JOINT MULTIANNUAL PROGRAMMING**

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1. PREAMBLE

Making aid more effective is one of the essential objectives on the European Union's agenda. The international conference held in Monterrey from 18 to 22 March 2002 set an international process in motion that eventually resulted in the adoption of the Paris Declaration on the harmonisation and aligning of aid (2 March 2005). In this connection, the EU has consistently stressed both the need for collective progress on increasing the effectiveness and impact of aid, and its own responsibility to push for this.

It is essential that all objectives connected with external policy and other EU instruments be taken into account in the interests of coherent and effective aid. Development policy has a part to play in the achievement of the EU's external policy objectives, alongside other instruments such as defence and security policies, and commercial, environmental and other policies.

1.1. The common framework and joint multiannual programming: part of the EU contribution

At the high-level forum in Paris in February/March 2005, the EU presented a work plan with practical commitments for rapid and collective implementation of the principles spelled out in the Paris Declaration. One of the key elements of this voluntary contribution is the commitment to gradually introducing joint multiannual programming by revising the framework for the 2000 country strategy papers. Joint multiannual programming is part of the EU action plan for effective aid.

The underlying principles, nature and timetable for this process were worked out respectively at successive Council meetings (GAERC) in November 2004 and April and November 2005.

Before laying the foundations for joint multiannual programming, it was essential to gather all the available information for a proper understanding of how the Member States' (and other donors') various programming systems work, to take on board existing good practice (as recognised by the OECD) and to fully integrate the measure on the ground.

Three in-depth studies were carried out in 2005 in Tanzania, Uganda and Zambia. Lessons were also learnt from past experience and from the reviews carried out as part of the EU's harmonisation programme in four pilot countries: Vietnam, Nicaragua, Morocco and Mozambique.

The three studies, the findings of which were analysed with the help of the Member States, provided an additional reliable source of guidance for the revision of the CSP framework.

1.2. Background to the country-strategy-paper framework and joint multiannual programming

The programming framework for Community CSPs (commonly known as the "CSP framework") was adopted in 2000 as part of the RELEX reform, as a multiannual programming tool. It was intended as a basic structure on which to model all Community CSPs and a source of information for the Member States when drawing up their strategy

papers.¹ The objective was to improve the coherence and quality of external aid programming, to make it more reliable and effective and to promote greater complementarity with what Member States were doing in the field of development cooperation in line with Articles 177 and 181 of the EC Treaty.

The Commission put the framework into effect without delay in programming the first generation of CSPs and RSPs (2002-06) and mid-term reviews (2004) for all developing countries receiving support from the European Development Fund and the ALA, Meda, Tacis and Cards programmes.

Progress reports on implementation of the CSP framework, produced by the Commission at the request of the Council in 2001, 2002 and 2005, showed that rigorous use of CSP/RSPs was an effective and satisfactory way of improving the quality of its programming.

In 2003, the Council concluded that the CSP framework had indeed made a significant contribution to achieving the goal of multiannual programming and to increasing the effectiveness and quality of the EU's external aid.² It noted that the exercise had improved coordination and complementarity between Community and bilateral aid, particularly in relation to aid from Member States closely involved on the ground.³ In most cases, the authorities in the partner countries were closely involved in the programming process, which increased the sense of ownership and coherence between the Commission strategy and the process of national development.

The 2004 mid-term reviews further improved the quality of the CSPs and made them even more effective by increasing consistency between development policy and other external and internal EU policies and by strengthening the results-based approach, with the introduction of more rigorous performance indicators. These made it possible to assess the partner countries' achievements, particularly in relation to the Millennium Development Goals (MDGs).

The CSP framework must be considered as an ongoing process, to be constantly improved and adjusted to keep pace with a changing agenda and improvements in the effectiveness of aid. It has become increasingly clear that coordinated programming, carried out jointly at European level, can make an even more significant difference in terms of the effectiveness of aid and achievement of the MDGs.

In 2004 the ad hoc group on harmonisation, when asked for suggestions on how the EU might strengthen coordination, harmonisation and alignment, stressed that joint multiannual programming should facilitate policy coordination, promote harmonisation of procedures and enable decisions to be taken concerning complementarity. It should enable donors gradually to align their activities on the partner country's multiannual programming cycles (poverty-reduction strategies and budget processes) and increase the scope for Member States and the Commission to synchronise their programming process and thus, in the long term, bring down transaction costs considerably.

¹ Council Conclusions of 10 November 2000 on the harmonised framework for country strategy papers, point III, SEC(2000) 1049.

² Conclusions adopted by the Council (GAERC) on 18 March 2003, doc 6941/03.

³ In line with the guidelines for reinforcing operational coordination between the European Community and the Member States, adopted by the Council in January 2001.

The breakthrough at European level came in November 2004 when, in its conclusions, the Council expressly called on the Commission to revise the 2000 CSP framework to incorporate provisions making multiannual programming possible.

The principle of joint programming was reaffirmed and strengthened in the new “European Consensus on Development”, the EU’s new development-policy statement published in December 2005.

1.3. Preliminary remarks

According to the Council conclusions of November 2004, “*The framework will be one of the instruments for the implementation of multiannual programming for all assistance provided by Member States and the Commission [...] [It] will [also] provide guidance to implement joint multiannual programming at country level.*”⁴

EU-wide adoption of the nine essential CSP components that are referred to in section 2.2 and that underlie the common format proposed in the annex, is the first milestone on the road to making external aid more effective. It is fundamental to harmonisation and coordination of aid.

Joint multiannual programming is a flexible process that must be implemented in line with the changing situation in each partner country. Its form and structure will vary from one country to another (see section 2.3).

⁴ Report of the Ad Hoc Working Party on Harmonisation - Advancing Coordination, Harmonisation and Alignment: the contribution of the EU, 14670/04, 15. November 2004, p. 37.

2. A REVISED FRAMEWORK FOR BETTER PROGRAMMING

This document updates the 2000 CSP framework setting out the basic elements to be included and the various stages of drafting CSPs.

The revised framework is divided into three sections:

- The first (section 2.1) restates the guiding principles for programming.
- The second (section 2.2) is a summary of the nine essential components of future CSPs. A proposal for a common format is attached.
- The third (section 2.3) outlines the main stages of the procedure for drawing up future CSPs and arrangements for joint multiannual programming

2.1. Principles of effective programming

The programming process must be guided by certain underlying principles. These have been formulated and refined in recent years at European level; many of them feature, as partnership commitments, in the Paris Declaration (ownership, harmonisation, alignment, management by results and mutual responsibility). They have a guiding influence on the structure of the CSPs and the essential elements within them, as described below:

- The **partnership framework**. Strategies must be based on the cooperation and partnership agreements and must be consistent with regional strategies.
- Compatibility with the **objectives of the European consensus**. The main objectives of development policy will be to eradicate poverty through sustainable development, meet the MDGs and promote democracy, good governance and respect for human rights. These objectives will be pursued in all developing countries and applied to the “development aid” component of all Community strategies for cooperation with non-member countries.
- **Consistency**. The strategy and the programming documents must be exhaustive and must take account of the objectives of development policy and other policies that define relations with the partner country.
- **Differentiation** is required in view of the diverse nature of the EU’s partners and the challenges facing them. The concept must be applied to general policy and to cooperation programmes.
- **Cross-cutting themes** must be borne in mind, in line with the European Consensus (democracy, good governance, human rights, children’s rights and the rights of indigenous peoples, gender equality, a sustainable environment and HIV/AIDS).
- The effectiveness of aid will also depend on other important factors such as **division of labour, complementarity and harmonisation**. Everything must be geared towards maximising the sharing of information between all concerned and complementarity with the activities of Member States, other donors and multilateral agencies. Where possible, coordination should take place in the partner country in question.

- **Budget support**, general or sectoral, should be used for implementation wherever possible: this is the golden rule if aid is to be made more effective, and it should be reinforced.
- **Focus** (with flexibility) means selecting a limited number of areas for inclusion when programming Community aid.
- **Ownership by the partner country and alignment.** The partner country's agenda will be at the heart of preparations for the strategy and programming, and these will gradually be aligned with the agenda.
- **A results-based approach.** Programming, implementation and evaluation must always include key indicators for measuring the impact of aid.
- **Involvement of civil society and other actors.** Partnership must be extended to include non-state actors and the private sector, which should be involved in discussing policy, drawing up the cooperation strategy and implementing programmes. Other players, particularly local authorities and parliaments, should also be involved.
- **Learning from the past and reviews.** Lessons learned from the past experience of the partner countries and of donors (field workers and headquarters), and the results of external and internal evaluations should all be taken into consideration and should inform the choices made at the programming stage. Furthermore, CSPs are effective only if their performance is regularly evaluated and strategies adjusted in the light of the findings.

2.2. The nine essential components for country strategies

The proposed new CSP framework retains intact the same tried and tested basic approach developed for the 2000 framework. However, it is updated to take account of new practices that have emerged on the international scene and of the EU's new commitment, discussed in the previous section. It introduces certain elements that are indispensable for joint multiannual programming on a country-by-country basis.

The proposed format for the CSPs has been worked out in detail and is shown in the annex. It includes the following essential components which, as past experience has shown, make for high-quality programming:⁵

- (1) the framework for relations between the donor and the partner country;
- (2) an analysis of the political (internal and external), economic, commercial, social and environmental situation;
- (3) the partner country's agenda, including the development strategy;
- (4) an analysis of the viability of current policies and of medium-term challenges, based on the analysis of the country's situation and its agenda;

⁵ Titles will be amended to fit the CSP drafter and partner country. In other words, the word "donor" will be replaced by the entity drafting the CSP and "partner country" by the name of the country.

- (5) an overview of past and present cooperation with the donor (lessons and experience), taking account of all external aid instruments, complementarity with other donors' programmes and consistency with other external aid and policy instruments;
- (6) a description of the state of the partnership with the country, including political dialogue and progress towards harmonisation;
- (7) the donor's cooperation strategy and specific objectives, the consistency of the strategy with other external aid instruments and policies, and complementary with other donors;
- (8) on the basis of the elements above, a work programme or National Indicative Programme (NIP) stating measurable objectives, with performance indicators, the contribution to be made by the various donors and the nature and scope of the most appropriate support mechanisms;
- (9) annexes: a summary table for the country, a short environmental profile, a prospective donor matrix, a migration profile (where necessary) including the international protection aspect, an account of consultations with non-state actors and a harmonisation road map where there is one.

The Commission plans to draw up its CSPs using these nine essential components and the proposed format for expanding on them (see annex). It will take a gradual approach, starting immediately with the ACP countries, followed at a later date (mid-term review) by Asia, Latin America, the countries covered by the European Neighbourhood Policy and Russia, for which second generation CSPs (and RSPs) are being drafted on the basis of the old model and are nearing completion.

The Commission would point out that most of the components are to be found in the strategy documents drawn up by the Member States bilaterally. In its opinion, the new CSP framework, which includes essential components, could also be used by the Member States for bilateral aid without their having to make any substantial changes to their procedures, and the framework is flexible enough for them to adapt it to fit the specific circumstances of each country. Moreover, the Member States that are in the process of introducing programming documents could use the new framework for their CSPs.

Not only does the format suggested in the annex give the Member States the opportunity to anchor their own bilateral strategies on the nine components and the new CSP strategy, but the Commission thinks that it is probably the most appropriate way forward for joint multiannual programming, particularly with regard to the sharing of certain aspects of programming (see section 2.3.2). It should therefore, where possible, be used by the Member States.

Lastly, it is also important to make the programming mechanisms as flexible as possible so that they can gradually be synchronised with each other and aligned with the partner country's political and budget agenda.

2.3. Procedure for drafting a country strategy paper with joint multiannual programming in mind

The new CSP framework should make it easier for the Commission, Member States and perhaps other partners to start joint multiannual programming.

The Community/EU's task is to make it easier for them to do so, to promote broad participation and encourage participation by the partner country.

2.3.1. *The basic principles*

Joint programming must be a flexible, gradual and open process, with the partner country playing a leading role, and emanating from the bottom up.

- **Flexible**, in that it must be able to take on different forms depending on the situation in the partner countries [for instance, in terms of institutional capacities and the quality of national development policies (PSRPs)] and on the donors and their political or procedural readiness for harmonisation.
- **Gradual**, in that it must make provision for gradual “integration” stages as the situation develops. It may include all or some of the Member States.
- **Open**, in that it should not be restricted to Member States. Joint programming is part of the international movement which it sets out to invigorate. Where moves are already being made to introduce joint programming, European joint programming should be able to merge into that process, giving it new impetus through coordination and a joint European vision.
- It is crucial that the partner country play a **leading role** in preparing the ground and coordinating joint programming; it must be based on the country's poverty-reduction strategy or equivalent strategy, and on its budget cycle. In this way, partners will be able to genuinely align themselves with each other and converge with a view to improving complementarity (division of labour) and reducing transaction costs in the long term. If the country does not have the capacity to play a leading role, it must be given the support it needs to acquire it. In the meantime, donors will themselves be able to develop joint programming in line with emerging programming priorities and cycles (shadow alignment for low-income countries and fragile states) or existing priorities and cycles (in the case of middle-income countries).
- For each country, the decision to go ahead with joint programming and the form and thrust of it will be a matter for the relevant Commission delegation and other development partners **on the ground**. That is the level at which coordination and harmonisation should happen. Joint programming is one of the elements that could, if necessary, be included in a road map for coordination and harmonisation in the partner countries. Frequent exchanges between headquarters and local offices and regular monitoring will be required to ensure the process reaches the highest political level.

2.3.2. *The various stages of joint multiannual programming*

In keeping with the flexible and gradual character of joint multiannual programming, it must be divided into stages on the basis of a joint or harmonised conception of CSPs. In other

words, the Member States should use the nine essential components for CSPs, with the requisite flexibility, as they appear in the revised format annexed.

Stage 1: Joint analysis

Experience and analyses both show that, whatever models are used, there are a number of elements common to the various donors for a given country. These elements are seen as essential for drawing up a cooperation strategy. In order to reduce transaction costs for the partner country, these elements must be shared and pooled.

The elements correspond to Chapters 1, 2 and 3 of Part I of the common format (see annex). They are: evaluation of the global political situation, appraisal of the country's macroeconomic, social and environmental background (with a list of macroeconomic and poverty-related indicators harmonised on the basis of the government's agenda), formulation of the partner country's priorities, analysis of lessons from cooperation in the past, analysis of consistency with the partner country's other policies, analysis of complementarity between different partners' activities and setting out of the harmonisation agenda.

Stage 2: Beyond a joint analysis to a joint strategic response

Joint programming means bringing together all the various analysis elements (see stage 1), but it does not exclude a more ambitious joint response strategy for some or all the Member States involved for a given partner country.

A joint response strategy comprises the elements referred to in Chapter 4, Part I of the attached common format, i.e. joint setting of cooperation objectives with the partner country, selection of focal areas, with a division of labour between the partners (donor matrix), outline financial allocations and risk analysis, and commitments by the partner countries on the basis of a joint agreement. Performance indicators will be agreed on, where possible on the basis of the relevant country strategy papers. The indicators will be discussed with the government. There will also be a joint approach to monitoring and evaluation, and joint annual reviews of results and of implementation of the poverty reduction strategy.

PART 1: COUNTRY STRATEGY PAPER

1. CHAPTER 1: FRAMEWORK FOR RELATIONS BETWEEN THE DONOR AND THE PARTNER COUNTRY

For the EC/EU

1.1. General objectives of the donor's external policy

1.2. Strategic objectives for cooperation with the partner country

Strategy papers must reflect the policy guidelines set out in the “European Consensus on Development”. They must also reflect the EU’s commitments with regard to the effectiveness of aid (Paris Declaration, additional EU commitments).

They will also set out the donor’s main objectives in its dealings with the partner country in the regional context (in the case of the EU, these include the European Neighbourhood Policy, the Cotonou Agreement, the Asia, Latin America and Africa Strategies and the European Programme for Reconstruction and Development in South Africa).

1.3. Main bilateral agreements

Describe the association and partnership agreements (e.g. the Economic Partnership Agreements – EPAs) binding the donor and the partner country, stating the fields covered and the objectives pursued.

2. CHAPTER 2: COUNTRY DIAGNOSIS

2.1. Analysis of the political, economic, social and environmental situation in the partner country

This analysis should include all major domestic policy developments and issues and all significant external factors.

2.1.1 Political situation

The CSP must analyse the country’s political, institutional and security situation in a broad context, including governance, progress towards democracy, the rule of law and observance of human rights. The regional context must be specifically addressed here. This section should therefore examine the following aspects:

- The main obstacles at national level to progress towards a situation in which human rights are respected, protected and promoted. The analysis will identify the priorities and objectives permitting progress towards respect for fundamental human rights in all circumstances.

- The content and any shortcomings of the partner country's plans/policies concerning social cohesion, employment and gender equality; the gender representativeness of the administration and the position with regard to international commitments on gender equality. Commitments and compliance under international conventions concerning children's rights must also be described. Special attention must be paid to child labour and to trafficking and violence against women and children. The protection afforded for the rights of minorities and indigenous peoples must also be examined.
- Observance of democratic principles, including in particular an assessment of the electoral process and public participation in the democratic process (free elections by universal suffrage, multiparty system, equal access to political activity, participatory decision-making process, the role of the media, civil society and other non-state actors, etc.), the possibility of changing the government without violence, etc.
- The organisation of government, the authorities' decision-making procedures. Particular attention must be paid to examining the various levels of power and the division of powers between central, regional and local tiers of government and the effectiveness of their interaction (decentralisation and devolution). The main constraints faced by "key institutions" in fulfilling their respective mandates (including the capacities the national statistical system to provide statistics and indicators in the different domains), institutional transparency and accountability for the management of public resources and affairs; the institutional capacity to draw up and implement measures against corruption money laundering, fraud and tax avoidance; the rule of law and the independence of the judiciary. The role of parliaments in their dual function of making law and overseeing the executive must be examined, as must the degree to which civil society is involved in the political and social debate.
- The government's position with regard to the key international conventions, especially those concerning the environment, human rights, gender equality, refugees, labour law, the International Criminal Court, terrorism, organised crime and corruption.
- Potential factors for conflict, the risk of national or regional conflict breaking out, continuing or flaring up again, and key cultural and social factors directly influencing the political process (e.g. ethnic tensions or migratory flows).
- The security system, including the division of powers between the difference agencies,⁶ and the decision-making procedure and democratic and civilian oversight over the security system.
- The overall security situation. The following questions must be posed: Are there signs of violent conflict in the country and/or region? Is the country's stability threatened by armed violence? What is the influence of neighbouring countries? Is there a national small-arms manufacturing industry? Does the level of crime in the country threaten its development? What is the situation with regard to the various forms of organised crime and illegal drugs? Is there a threat of terrorism in the country or region?

⁶ The OECD-DAC defines the security system as the body of institutions and other agencies involved in maintaining the security of the state and its citizens. *Security System Reform and Governance, Policy and Practice*, DAC Guidelines and Reference Series (Paris: OECD 2004).

- Any evidence pointing to a fragile state, e.g. the incapacity to perform the basic functions of government (security, basic social services, human rights); identify support measures, such as government reform.
- The regional context of the country, its relations with its neighbours and the impact of these factors on the political, institutional and security situation in the country.

This analysis should serve to identify the type of partnership: efficient, difficult/fragile state, post-conflict.

Accordingly, in fragile states, post-conflict countries and specific cases of countries that have yet to achieve “structural stability” or are showing signs of increasing instability, greater attention should be given to analysing measures taken to ensure security and stability, including conflict prevention and management, post-conflict intervention strategies (demobilisation, disarmament, re-integration (in particular of women and child soldiers), rebuilding, humanitarian mine clearance, support for action against illegal arms trafficking and dissemination of small arms and light weapons, etc.), and the introduction of the rule of law and democracy (including broader participation of civil society and a more equitable distribution of power). The issues of transition and LRRD will have to be taken into account.

A chronology of recent events and the national and regional agenda will be annexed as basic information.

2.1.2. Economic and social situation

The CSP must include an analysis of macroeconomic performance, covering both the public and the private sectors, an analysis of structural change and of important sectoral changes. It must also include an analysis of the structure of the country’s trade at bilateral, regional and multilateral levels, including the foreseeable impact of economic partnership agreements.

It must analyse issues of good governance in the financial, tax and legal fields. The aim is to gauge the extent to which the country is implementing international recommendations on transparency and the effective exchange of information to prevent and counter financial and corporate malpractice, including in the tax field.

Economic situation, structure and performance

This part must analyse the partner country’s economic performance in a manner permitting comparison with other countries. It will identify the principal economic sectors contributing to gross domestic product and assess trends in their competitiveness, especially in the light of the prospects for the liberalisation of bilateral, regional and multilateral trade. Particular attention should be given to analysing the respective roles of the public and private sectors and the state of infrastructure, especially as regards transport, water, energy and information and communications technologies. The analysis must also address variations in the terms of trade, the external debt burden, the degree of diversification of export earnings and dependency on public and private external transfers, including remittances from migrants. The importance of service activities, especially financial services, and in particular those specifically offered to non-residents (offshore centres), will also be addressed. The employment situation will be studied with particular attention to equal economic opportunities for men and women.

The analysis should also highlight the potential sources of macro-economic and social instability in order to make the EC/EU planning process flexible enough to deal with such instability if and when it occurs.

A table with key macroeconomic indicators will be annexed to facilitate and structure the overview of the situation and any forecasts for the years ahead.

Structure and management of public finances

This section will examine the state of public finances and the external debt, analyse the quality of public finances and the structure of budget revenue and expenditure, point out any imbalances and indicate whether measures have been taken to remedy them.

Assessment of the reform process

As a general rule, the objectives of economic reform programmes, and in particular economic stabilisation and structural adjustment programmes, are to balance the economy, eliminate distortions, introduce appropriate incentives and create favourable conditions for the development of the private sector, while allowing and guaranteeing the effective and efficient working of the public sector. A key aspect of such programmes is the need to ensure that markets are open and that the economy is able to profit from, and manage successfully, external competitive forces (including those generated by regional integration initiatives).

The analysis must check the overall consistency of the policy pursued and identify possible weaknesses and inconsistencies. It is important to analyse the impact and viability (including the issue of institutional capacities) of the main sectoral reforms and to consider how these reforms might influence growth and development. In this context, the impact of reforms aimed at increasing transparency, effective information exchange and international administrative and judicial cooperation in the field of services, especially financial services, will also be examined, among others, in relation to the fight against money laundering, fraud and tax avoidance and corruption.

Particular attention must be given to reforms in the fields of political, administrative and fiscal decentralisation and issues relating to regional planning, given their potential impact on poverty, especially in rural areas.

Trade policy and external environment, in particular regional cooperation agreements

The country's trade policy must be analysed, especially the country's openness (tariff and non-tariff) and the regulatory framework's consistency with the country's commitments. Consistency with the country's development aims and foreign trade agreements, especially regional integration schemes involving the country, the impact of such schemes on the economy and actual progress towards the creation of a regional market will also be examined.

This analysis could, where relevant, use the results of trade-policy reviews by the World Trade Organisation (WTO).

Particular attention must be paid to the demands of economic transition, regional convergence and trade opening. The assessment of reform must take such undertakings or obligations into account. It must include an analysis of the country's economic performance in the framework of the regional integration process to which it belongs (e.g. macroeconomic convergence criteria) and its influence on the country's economy. This section also includes an analysis of

the scope for integration, ways of increasing the benefits, and related issues such as infrastructure, regional markets and financial and economic structures.

2.1.3. Social situation, including decent work and employment

CSPs must analyse the situation, trends and progress or delays in the social sectors and in terms of food security. They must therefore cover demographic factors (population growth, breakdown by age, relationship between rural and urban population and trends, the existence and nature of migratory flows) and such sectors/fields as education, research, health (including sexual and reproductive health, HIV/AIDS, malaria and tuberculosis), social protection, including social security networks, support programmes for disadvantaged and vulnerable groups, including the disabled, employment opportunities and working conditions and housing, rural development and access to agricultural markets. All these aspects, and in particular employment policy and the fairness of the tax system, are crucial to achieving a satisfactory level of social cohesion.

A major part of the analysis will involve reviewing the fairness of access to services and their use for disadvantaged and vulnerable groups, such as children, women and indigenous peoples, and determining whether the policies pursued address the concerns of these groups, gender equality or HIV/AIDS issues and the needs of indigenous communities.

The strategy papers will examine the country's progress towards eradicating poverty in terms of the MDGs, analyse the reasons for the trends observed, in particular gender differences, and review the main challenges and issues, their magnitude and their breakdown (by age, sex and geography).

To facilitate and structure this overview, a table setting out the key social development indicators will be annexed. This table will include at least the 10 key indicators chosen for monitoring the MDGs, which gauge the country's performance and progress in the matter of poverty reduction and social development. Where possible, it will provide data for the reference year 1990, data for the most recent years, estimates for the years ahead and intermediate and final objectives for 2015. These indicators can be supplemented by other indicators monitored in the PRSP.

Comments must be made on the quality of data and the frequency with which it is updated. To ensure comparability in time, data sources must be used as consistently as possible and any change in indicators and/or sources accounted for.

2.1.4. The country in the international context

Where relevant, this section will refer to any regional or international developments that might affect cooperation between the donor and the country concerned.

These include the country's political relations in the region, and in particular international and/or regional agreements, regional policies and any progress towards regional integration, or the existence of armed conflicts in the region.

It is also important to highlight the role actually or potentially played by the country in the regional and multilateral context (beacon, pole of stability), its capacity to play a leading role in the provision of public goods (e.g. peacekeeping, managing water resources in cross-border water basins to protect the environment, etc.) and its capacity to take part in international cooperation on such issues as terrorism, non-proliferation of weapons of mass destruction and

their means of delivery, trafficking and dissemination of small arms and light weapons, people trafficking, illegal migration, etc., which have a tendency to spill over.

2.1.5. Environmental situation

This chapter will be based on an analysis of the environmental conditions in the country and the recommendations made in the “Country Environmental Profile”, a summary of which will be annexed.

This section will give an overview of trends in the availability and use of environmental/natural resources and in pollution in the country and, possibly, the region that directly affect or influence poverty reduction (link with MDG 7) and food security. It will show clearly the main environmental challenges facing the country and the main obstacles to be overcome. Particular attention will be given to problems and needs arising from climate change.

The country’s institutional situation and its specific capacities in the area of managing the environment and natural resources will be described along with the legislative framework. The CSP will also examine the existence or lack of regulatory reforms in the area. Lastly, the environmental impact, if any, of national sectoral policies will be described.

Achievements in the area of the environment and the management of natural resources will be examined, either as cross-cutting issues in major cooperation programmes (including their environmental impact) or as specific projects or programmes.

Stock will be taken of the country’s accession to international agreements in the different domains (climate change, biodiversity, desertification, chemical products, etc.) and the measures actually taken to apply them. The country’s specific needs in the matter will also be indicated. The “Country Environmental Profile” will take account of vulnerability to natural disasters (risk profile) accompanied, where appropriate, by a specific analysis identifying needs and measures in relation to prevention and preparedness, etc.

2.2. Development strategy of the partner country

This section must provide a summary of the aims and objectives of the government of the country concerned, as defined (a) in the official documents presenting the range of policies implemented, (b) in any national plan, reform strategy or medium- or long-term development programme and (c) in any sectoral development programme. This statement should be supplemented by an indication of how the government proposes to achieve these objectives.

This section must review the country’s commitments under the framework of the regional integration process of which it is a member (e.g. creation of a customs union, economic convergence, common market, sectoral policies, including those relating to security matters, partnership with the EU) and multilaterally (e.g. African Union, WTO, etc.).

Particular attention must be given, where relevant, to the policies pursued by the country to develop ties with the diaspora and foster its involvement, to channel remittances, to promote economic emigration or to limit the impact of the brain drain.

2.3. Analysis of the viability of current policies and the medium-term challenges

In the light of the analysis of the country's situation and political agenda, and especially its poverty reduction strategy (PRSP), a critical summary will be provided of the viability of the country's current policies and medium-term prospects, showing both strengths and weaknesses.

This section will help clearly identify future challenges facing the government and the budgets it will be making available to tackle them, with due regard for complementarity. The most promising fields for future cooperation between the partner country and the donor will be chosen with a view to reducing poverty, i.e. fields in which national priorities realistically and viably match the objectives of the donor and the donor's specific comparative advantages compared to other donors.

In the case of low-income countries, e.g. those eligible for IDA, especially the HIPC initiative, the national agenda will be linked to, or treated as, a poverty reduction strategy paper (PRSP). Under the principle of ownership, the CSP will support the partner country's PRSP and its strategy of development or reforms in pursuit of the MDGs and align itself as far as possible on the systems and procedures of the country's other partners. This principle of ownership must be adapted in the event of difficult partnerships or post-crisis situations in particular, and alternative approaches must be sought (shadow alignment, work with civil society, etc). Where this foundation exists, the EC, Member States and, possibly, other donors will harmonise their cooperation aid as far as possible.

3. CHAPTER 3: OVERVIEW OF COOPERATION AND POLITICAL DIALOGUE, COMPLEMENTARITY AND CONSISTENCY

3.1. Overview of the donor's past and present cooperation (lessons learned)

In the event of joint programming, each donor will draw up a separate chapter providing an overview of its cooperation with the partner country.

The CSP must contain a summary of the results of the donor's past and present cooperation with the partner country and of the lessons learned in order to update knowledge and incorporate best practices. It is important that this statement should cover all external aid instruments for the country, including regional cooperation, issue-based programmes, global initiatives and humanitarian aid.

The previous CSP's sectors of intervention must be evaluated in the light of the results obtained so far on the basis of progressive qualitative and quantitative performance indicators, with due regard for the requisite flexibility.

Account will be taken of general recommendations specifically made in evaluations of strategies by the partner country, if there are any, evaluations of specific sectors and projects and annual reports.

3.2. Information on the programmes of other donors (complementarity)

This section must provide as accurate and comprehensive a picture as possible of the programmes of the Member States and other donors, indicating how they complement each other. Specify as far as possible the amounts involved and their breakdown by intervention sector. Where they exist, the partner country's analytical instruments (PRSP, etc.) will be used.

This section should also discuss what type of instruments the donors are using in their cooperation and whether there is a sectoral or regional focus to their efforts.

A prospective financial matrix of donors will be annexed for detailed information.

3.3. Description of the political dialogue between the donor and the partner country

This section will cover the development of the political dialogue between the government and the donor, in particular concerning aspects such as the human rights situation, governance, the rule of law, etc.

3.4. Description of the state of the partnership with the partner country and progress towards harmonisation

The CSP must describe progress towards improving the coordination of policies, the harmonisation of procedures for programming rounds and the alignment on the partner country's budget cycles. This analysis will be based inter alia on the progress indicators laid down in the Paris Declaration.

More specifically, this section will report on the progress of any coordination/harmonisation process in the country at European level, and in particular on the dialogue between the Commission and the Member States and the existing coordination system, briefly describe the guidelines in the "road map" on the EU's harmonisation and alignment in the partner country, describe the application of the common framework at European level and explain the stage/type of joint programming chosen for the country. It will state the future guidelines and implementation plan for joint programming. Where relevant, it will describe the other harmonisation processes under way in the country and the donors' position on these initiatives, and their complementarity and links with the harmonisation process at European level.

This section will provide information on the donors' initiatives to align on the partner country's multiannual programming rounds (poverty reduction strategies and budget processes).

It will describe the role, attitude and position of the partner country in the harmonisation and alignment process and its capacity/willingness to play a leading role.

3.5. Analysis of consistency with the donor's other policies

It is widely recognised that development policy alone will not enable the developing countries to progress.

Policies other than aid policy are at least as important in so far as they contribute or affect developing countries in their efforts to achieve the Millennium Development Goals.

The principle of consistency with other EU policies requires special attention. This section must, where relevant, address the following areas: trade, the environment, climate change, security, agriculture, fish, the social dimension of globalisation, employment and decent work, migration, research and innovation, the information society, transport and energy.

The objective is to promote the possible synergies between other EU policies and development policy in the response strategy.

4. CHAPTER 4: THE DONOR'S RESPONSE STRATEGY

This section should set out the strategic choices for cooperation in the partner country on the basis of its needs, strategies, priorities and resources and according to the evaluation of:

- the partner country's development strategy and the viability of interventions in the light of the country's political and institutional, economic, trade, social and environmental situation;
- the objectives of the donor's development policy, other aspects of external action and other policies;
- the country's needs and progress towards the MDGs and its commitment to achieving them, referring where possible to indicators and statistics delivered by the national statistical system;
- the relative magnitude of the financial and administrative resources to be made available and their potential impact (for example, in terms of improved country economic performance and poverty reduction);
- the comparative advantages of the donor in relation to complementarity/the division of labour between development partners, especially vis-à-vis the Member States and/or the Commission;
- where relevant, the results of the analysis of the consistency between the donors' other policies and the development objectives;
- any risks associated with the strategy that could jeopardise its success (political, economic, security, environmental impact).

The programming process must be guided by the principle of concentration. This means selecting a limited number of sectors of intervention rather than scattering efforts across too many different sectors. This is crucial to the effectiveness of aid.

The choice of implementation method must also be explained, given the principle of switching from a project-based to a programme-based approach, accompanied, wherever possible, by structural/sectoral aid.

For each selected focal area, the CSP should define overall and specific objectives.

If there is a joint response strategy, this section must contain a division of labour between development partners. If not, it must provide a specific justification of the value added by the EC as compared to other donors.

Cross-cutting issues must be mainstreamed in each priority area: i) democracy, good governance, human rights, the rights of the child and the rights of indigenous peoples; ii) gender equality; iii) environmental sustainability; iv) HIV/AIDS.

The partner country's commitments, drawn up in cooperation with the government, will be listed and the risks of the response strategy analysed.

In order to determine whether the priority sectors have a potential environmental impact, a reference will be made to a clear commitment to carry out a strategic environmental assessment.

PART 2: WORK PROGRAMME

All the aspects examined in the CSP feed into a work programme or NIP.

The NIP is essentially a management tool covering a period of several years to identify and define, in a transparent manner, the selected areas/sectors of cooperation for financing and appropriate measures and actions for attaining the objectives set down. More specifically, it must set out the overall and specific objectives, the target groups, the expected results, the programmes to be implemented to achieve the objectives, the type of assistance to be provided and a calendar. The commitments agreed with the partner country will be reiterated.

In this connection, performance indicators must be fixed for each sector in partnership with the partner country and the other partners. These indicators must be confined to a few essential indicators of different types (inputs, direct achievements, results and impact). There should be a particular emphasis on results-based indicators, which have the advantage of increasing the partner country's ownership of the policies to be applied to achieve the objectives. The indicators must also be clearly defined and measurable. In this connection, the donors need to agree to use common indicators to assess performance in each sector against the objectives. In the countries concerned, this should be done using the monitoring system laid down in the PRSP, which should be incorporated into the national budget cycle.

Where appropriate, the work programme should also give an approximate idea of the resources allocated, the financing method (aid, projects, budget support) and the financial legal basis.

ANNEXES

1. Summary table for the country

This table provides basic information on the country concerned. The tables showing the macroeconomic indicators and the 10 key poverty indicators will be included in it.

2. Country environmental profile

This analysis of the environmental conditions in a country or sector includes the following information: a description of the natural and human environment, including the profile of vulnerability and exposure to the risk of natural disaster, the legislative and institutional framework, information on the links between the social, economic and environmental situations, key data on areas where environmental action is needed and recommendations for

the future, an analysis of the cooperation from an environmental point of view as to its integration in programs and projects in other areas and/or as to its integration as focal sector.

3. Prospective financial matrix of donors

This annex summarises the known interventions of other donors, including the Member States and multilateral donors. It will transparently reflect at least the results of the local coordination/harmonisation referred to above. It will highlight, where relevant, the division of labour and/or complementarity. The matrix will be both retrospective and prospective, covering both the past and the period 2006-2013.

This matrix will also be a useful contribution to the CDF/PRSP exercise if that is being developed in the partner country.

4. Country migration profile (where necessary)

A migration profile must be drawn up for every country in which migration (South/North or South/South) and/or asylum issues could influence development prospects.

It contains any information relevant to the design and management of a common migration and development policy. It includes information on migratory flows (refugees and economic migrants), taking in gender issues and the situation of children. It also provides information on the country's skills needs, skills available in the diaspora and remittances to the country. Where relevant, the profile will analyse the routes taken by illegal migrants and the activities of people-trafficking networks.

5. Description of the CSP drafting process, stressing the involvement of non-state actors and local authorities

This involves, in particular, explaining how non-state actors and local authorities were involved in the programming discussions and, more generally, assessing the progress made and to be made towards consolidating the involvement of these actors in the development process (discussion of the country's development priorities in the framework of the PRSP, the participatory nature of the budgetary processes, the capacities, potential and constraints of different types of actors, etc.).

6. Harmonisation road map (where there is one)