



Independent  
Commission  
for Aid Impact

## **DFID's oversight of the UK contributions to the EU's aid spending in low-income countries**

### **Terms of Reference**

#### **1. Introduction**

1.1 The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple 'traffic light' system to report our judgement on each programme or topic we review.

1.2 We have decided to review the effectiveness of the Department for International Development's (DFID's) oversight of the UK contributions to the European Union (EU), focussing on development assistance to low-income countries. These Terms of Reference outline the purpose and nature of the review and identify its main themes. A detailed methodology will be developed during an inception phase.

#### **2. Background**

##### *European Union Official Development Assistance*

2.1 The EU is the second-largest aid donor in the world, after the United States of America.<sup>1</sup> It operates in over 150 countries<sup>2</sup> and funds a diverse range of programmes and initiatives. The objectives of the EU's programmes are widespread – from support for health and education in Nepal to programmes which promote stability in the Middle East or economic development in Kenya and Nicaragua. The EU also provides emergency assistance and relief to the victims of natural disasters or armed conflict.

2.2 EU Official Development Assistance (ODA) is not readily attributed to one EU organisation. Instead, ODA is comprised of a range of funding mechanisms across EU organisations. Overall EU ODA expenditure in 2010 was €9.9 billion.<sup>3</sup> The main elements of this are set out in Figure 1 on page 2 and described below. All of this

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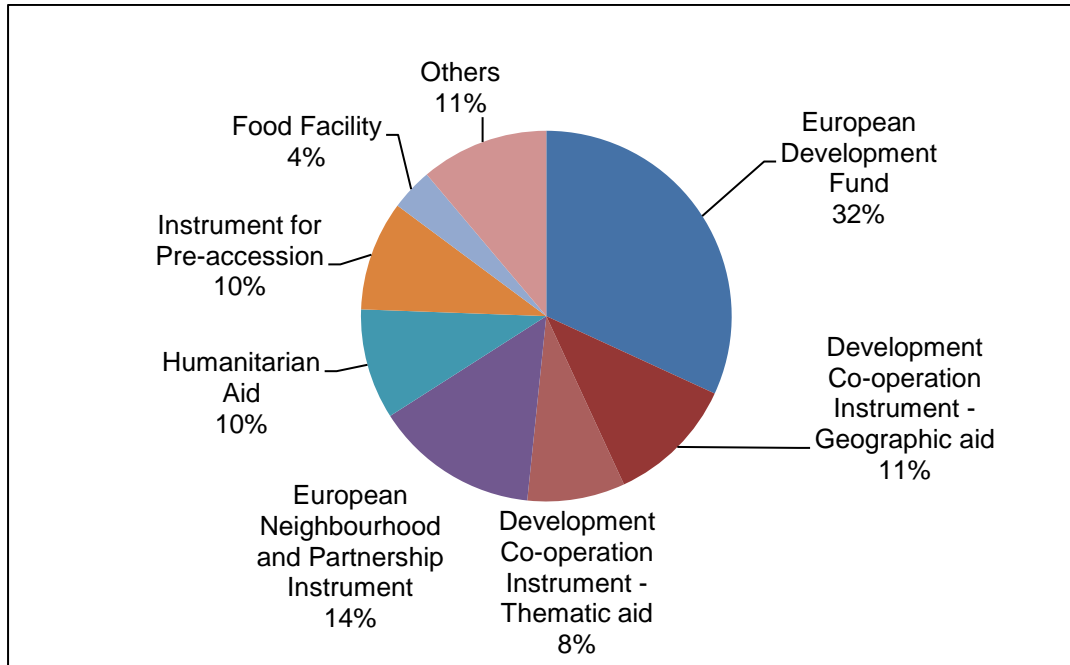
<sup>1</sup> *Development and Co-operation*, EuropeAid, [http://ec.europa.eu/europeaid/what/millennium-development-goals/index\\_en.htm](http://ec.europa.eu/europeaid/what/millennium-development-goals/index_en.htm). This is for the EU itself, excluding the contributions member states make individually.

<sup>2</sup> "EU external aid: who is it for?" *Response by the European Commission to the Open Europe Briefing*, European Commission, 2011, <http://blogs.ec.europa.eu/piebalgs/files/Detailed-document-to-answer-Open-Europe-29042011-final1.pdf>.

<sup>3</sup> *EuropeAid Annual Report 2011*, European Commission, 2011, [http://ec.ECropa.EC/EuropeAid/files/publications/EuropeAid\\_annual\\_report\\_2011\\_en.pdf](http://ec.ECropa.EC/EuropeAid/files/publications/EuropeAid_annual_report_2011_en.pdf).

funding comes from the European Commission budget except for the European Development Fund (EDF), which is funded separately by EU member countries.

**Figure 1: Percentage of EU ODA 2010 expenditure by main funds and instruments<sup>4</sup>**



2.3 Since 2011, the co-ordination of Europe’s development programme policy and delivery has been consolidated into one organisation: EuropeAid. EuropeAid is overseen by a Director-General and reports directly to the Commission under the guidance of the European Commissioner for Development.<sup>5</sup> EuropeAid oversees the main funding mechanisms that comprise the EU’s ODA: the EDF and the Development Co-operation Instrument (DCI).<sup>6</sup>

2.4 The EDF is the main instrument for providing EU development aid in the African, Caribbean and Pacific (ACP) countries and the group of countries known as the Overseas Countries and Territories (OCTs).<sup>7</sup> The EDF was set up in 1957 under the Treaty of Rome to assist African countries, some with links to member states, to grant financial and technical assistance. The EDF delivers its aid mainly through grants (managed by the Commission), and through risk capital and loans to the private sector (managed by the European Investment Bank).

<sup>4</sup> *EuropeAid Annual Report 2011*, European Commission, 2011, [http://ec.ECropa.EC/EuropeAid/files/publications/EuropeAid\\_annual\\_report\\_2011\\_en.pdf](http://ec.ECropa.EC/EuropeAid/files/publications/EuropeAid_annual_report_2011_en.pdf).

<sup>5</sup> *EuropeAid Organisation Structure*, EuropeAid, [http://ec.europa.eu/europeaid/who/documents/organigramme-devco\\_en.pdf](http://ec.europa.eu/europeaid/who/documents/organigramme-devco_en.pdf).

<sup>6</sup> *EuropeAid – How We Finance*, EuropeAid, [http://ec.ECropa.EC/EuropeAid/how/finance/index\\_en.htm](http://ec.ECropa.EC/EuropeAid/how/finance/index_en.htm).

<sup>7</sup> The OCTs are 25 countries and territories - mainly small islands – outside mainland Europe, having constitutional ties with one of Denmark, France, the Netherlands and the United Kingdom.

2.5 The EDF is governed by the Cotonou Partnership Agreement<sup>8</sup> and does not form part of the European Commission budget. Instead, the funding comes separately from member countries. The budget is set for a five-year term and is renewed through negotiations directly with member countries. The 10<sup>th</sup> EDF has a budget of €22.68 billion for 2008-13. Of this amount, €21.96 billion is allocated to ACP countries, €286 million to OCTs and €430 million to the Commission as support expenditure for programming and implementation of the EDF.<sup>9</sup> About 85% of the EDF is spent in low-income countries.

2.6 The DCI is the second main funding source for EU ODA. The DCI was launched in 2007 explicitly to help eradicate poverty and assist developing countries to achieve the Millennium Development Goals. It also aims to support democratisation, good governance and the rule of law and human rights. The DCI is separated into two main components: geographic programmes and thematic programmes. In its geographic focus, the DCI covers the EU aid programmes for 47 developing countries in Latin America, Asia and Central Asia, the Gulf region (Iran, Iraq and Yemen) and South Africa, notably through specific EU-Country Strategy Papers. The thematic programmes benefit all developing countries and focus on particular needs in:

- investing in people (human and social development);
- environment and sustainable management of natural resources, including energy;
- non-state and local authority participation in development;
- food security; and
- migration and asylum.

2.7 The budget allocated under the DCI for the period 2007-13 is €16.9 billion. The DCI is derived directly from the European Commission budget.<sup>10</sup> The Commission's current proposals for future spending would mean increasing the proportion of the DCI spent in low-income countries.

2.8 Further EU ODA is spent through a number of other financial instruments of the EC budget. These, in order of size, include:

- the European Neighbourhood and Partnership Instrument. This is focussed largely on regional integration, providing assistance to 17 countries (ten Mediterranean countries, six Eastern European countries and Russia) and is managed by EuropeAid;
- the Humanitarian Aid Instrument. This funds the Commission's Humanitarian Aid and Civil Protection directorate in its aid programme in disaster areas and conflict-affected countries. It is managed by the European Community Humanitarian Office (ECHO);

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<sup>8</sup> The Cotonou Partnership Agreement between the members of the ACP Group of States (currently comprising 78 countries) and the European Union and its Member States was signed on 23 June 2000 in Cotonou, Bénin. The partnership is focussed on reducing poverty through sustainable development and the gradual integration of the ACP countries into the world economy.

<sup>9</sup> *European Development Fund Overview*, EuropeAid, [http://ec.ECropa.EC/EuropeAid/how/finance/edf\\_en.htm](http://ec.ECropa.EC/EuropeAid/how/finance/edf_en.htm).

<sup>10</sup> *Development Co-operation Instrument Overview*, EuropeAid, [http://ec.ECropa.EC/EuropeAid/how/finance/dci\\_en.htm](http://ec.ECropa.EC/EuropeAid/how/finance/dci_en.htm).

- the Instrument for Pre-accession Assistance, which offers assistance to countries engaged in the accession process to the EU and is managed by the Directorate General Enlargement; and
- the Food Facility, which was established to respond rapidly to problems caused by soaring food prices in developing countries, managed by EuropeAid.

2.9 The European External Action Service (EEAS) is the overseas diplomatic arm of the EU responsible for EU delegations throughout the world. It prepares country strategies and programmes development funds in consultation with EuropeAid. Figure 2 on page 5 shows DFID and EU aid expenditure across the countries DFID is focussing on, using the latest available data.

2.10 The ACP–EU Joint Parliamentary Assembly and the European Parliament Committee on Development are both important for the oversight of EU ODA. The Joint Parliamentary Assembly was created to bring together the elected representatives of both the European Community (Members of the European Parliament) and the ACP countries that have signed the Cotonou Partnership Agreement. The Committee on Development is a standing committee of the European Parliament responsible for promoting, implementing and monitoring the development and co-operation policy of the EU.

2.11 In April 2010, the EU issued a new development and external assistance policy focussing on action to help developing countries achieve their MDGs on time. This 12-point action plan gave priority to countries most off track, including those in conflict or fragile situations. At the same time, the Commission adopted a principle to strengthen the link between tax and development policies and enhance good governance in the tax area (transparency, exchange of information and fair tax competition). The EU is also committed to supporting the expansion of the private sector in developing countries.

2.12 In November 2010, the European Commission published a consultation document *EU development policy in support of inclusive growth and sustainable development*.<sup>11</sup> This paper presented options on ways to make EU development policy a catalyst for helping developing countries generate inclusive and sustainable growth. In October 2011, following this consultation process and including input from the UK, the Commission launched the communication *Increasing the impact of EU Development Policy: an Agenda for Change*.<sup>12</sup> This set out a more strategic EU approach to reducing poverty, including a more targeted allocation of funding. Council conclusions from the *Agenda for Change*, which will help guide the next

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<sup>11</sup> *EU Development Policy in Support of Inclusive Growth and Sustainable Development*, European Commission: *Increasing the Impact of EU Development Policy*, 2010, [http://ec.europa.eu/development/icenter/repository/GREEN\\_PAPER\\_COM\\_2010\\_629\\_POLITIQUE\\_DEVELOPPEMENT\\_EN.pdf](http://ec.europa.eu/development/icenter/repository/GREEN_PAPER_COM_2010_629_POLITIQUE_DEVELOPPEMENT_EN.pdf).

<sup>12</sup> *Increasing the impact of EU Development Policy: an Agenda for Change*, European Commission, 2011 [http://ec.europa.eu/europeaid/what/development-policies/documents/agenda\\_for\\_change\\_en.pdf](http://ec.europa.eu/europeaid/what/development-policies/documents/agenda_for_change_en.pdf).

Multi-Annual Financial Framework (2014-20) negotiations, were adopted by EU Development Ministers at the Development Foreign Affairs Council in May 2012.<sup>13</sup>

**Figure 2: DFID focal countries – DFID bilateral and EU expenditure<sup>14</sup>**

		<b>DFID commitments (average for every year until 2015) £ million</b>	<b>Total EU aid disbursements 2010 £ million</b>	<b>UK share of EU aid disbursements 2010 £ million</b>
1	Pakistan	350	112	17
2	Ethiopia	331	155	23
3	India	280	61	9
4	Bangladesh	250	122	18
5	Nigeria	250	39	6
6	DRC	198	236	35
7	Afghanistan	178	185	28
8	Tanzania	161	125	19
9	Sudan	140	184	28
10	Kenya	128	66	10
11	Uganda	98	83	13
12	Ghana	94	68	10
13	Malawi	93	135	20
14	Zimbabwe	88	71	11
15	OPTs <sup>15</sup>	86	286	43
16	Mozambique	83	125	19
17	Nepal	83	30	4
18	Rwanda	83	68	10
19	Yemen	76	26	4
20	Sierra Leone	68	52	8
21	Somalia	63	82	12
22	Zambia	59	60	9
23	Burma	46	36	5
24	South Africa	19	99	15
25	Liberia	8	59	9
26	Kyrgyzstan	7	16	2
27	Tajikistan	7	24	4

<sup>13</sup> Council conclusions 'Increasing the Impact of EU Development Policy: an Agenda for Change', European Commission 2012

[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/130243.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130243.pdf).

<sup>14</sup> The table compares DFID and EU aid expenditure across countries DFID is focussing on. DFID figures are from *The Bilateral Aid Review*, average annual expenditure in the five years to 2015. EU figures are derived from *EuropeAid Annual Report 2011* converted into sterling by DFID. UK share of EU country specific programme is based on UK's 15% share of the budget.

<sup>15</sup> Occupied Palestinian Territories.

## *DFID's funding and oversight of EU ODA*

2.13 Approximately 16% of DFID's budget is spent through the EU.<sup>16</sup> The forecast outturn for 2010-11 shows that DFID channelled £1.3 billion via EU institutions in that year. £436 million was allocated to the EDF and £845 million to the European Commission's development budget through the UK's share of Commission budget contributions.<sup>17</sup> DFID is projected to spend £3.5 billion on core Commission funding and £2.1 billion on the EDF over the next four years.<sup>18</sup>

2.14 DFID's Europe Department is the main co-ordinating office within DFID for dealing with the European Commission. The DFID Europe Department takes forward the UK's interest through:<sup>19</sup>

- agreeing policy, common positions and expenditure through EU Working Groups/Councils, the European Investment Bank and International Facility Boards and Management Committees;
- engaging with EU Member States and building alliances where needed, with Members of the European Parliament, non-governmental organisations and think tanks in EU development policy and research;
- DFID Seconded National Experts programme, enabling the placement of over 25 DFID staff in key positions across EU institutions;
- working with other Whitehall departments to agree joint positions and a single, coherent UK voice on development issues in Europe; and
- supporting DFID colleagues across policy divisions and in country offices to pursue their priorities with the EU.

2.15 In recent evidence to the House of Commons International Development Committee (IDC), DFID cited a number of areas where it considered it had influenced EU policy on development assistance. Examples included where the EU has:

- created a Quality and Impact Unit, responsible for developing a better system for measuring performance, known as a results framework;
- established a Working Group on results, dedicated to the Busan commitments;
- launched *The Agenda for Change* and *The Future of Budget Support to Third Countries*, two initiatives with a strong emphasis on results, improving performance monitoring and improving transparency and accountability;
- begun developing a strong, integrated monitoring system; and
- signed up to the International Aid Transparency Initiative.<sup>20</sup>

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<sup>16</sup> This figure is the current DFID estimate for 2011-12.

<sup>17</sup> *DFID Annual Report 2011*, DFID, 2011, <http://www.dfid.gov.uk/Documents/publications1/departmental-report/2011/Annual-report-2011-vol1.pdf>. The UK's share of budget contributions is approximately 15%.

<sup>18</sup> DFID documentation.

<sup>19</sup> DFID documentation.

<sup>20</sup> *EU Development Assistance*, House of Commons Oral Evidence, International Development Committee, March 2011, <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/c1680-iii/c168001.htm>.

2.16 An important challenge for the EU is to improve the value for money of its development assistance. A focus of DFID's effort is for the EU to develop a framework for assessing value for money within the organisation. The DFID Europe Department plans to call for more value for money considerations in future EU aid and use upcoming opportunities, for example negotiations regarding the next Multi-Annual Financial Framework (2014-20) and the next EDF replenishment, to further this.<sup>21</sup> This is particularly important given the likely increase in EU ODA spending for the 2014-20 period.

### **3. Purpose of this review**

3.1 To assess the effectiveness of DFID's oversight of the UK contributions to the EU, focussing on development assistance to low-income countries, in order to maximise impact for the intended beneficiaries and value for money for the UK taxpayer.

### **4. Relationship to other evaluations/studies**

4.1 DFID carried out the *Multilateral Aid Review* to assess the value for money of UK aid funding through multilateral organisations. It stated that the European Commission has a 'critical role in meeting development objectives and partnership behaviour', and that the EDF has 'objectives [that] appear ambitious, there is good evidence of innovation, such as the MDG contracts, external assessments indicate reasonable performance and there are many examples of contributions to outputs and even outcomes at the country level.'<sup>22</sup>

4.2 On the European Commission budget, the *Multilateral Aid Review* focussed on the DCI and the Neighbourhood and Pre-accession instruments. Overall, it rated the European Commission budget elements as weak for contribution to UK development objectives and satisfactory for organisational strengths. The EDF was rated as strong on both these dimensions. The main weaknesses the *Multilateral Aid Review* set out for the Commission's core budget and the EDF are shown in Figures 3 and 4.<sup>23</sup>

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<sup>21</sup> DFID documentation.

<sup>22</sup> *Multilateral Aid Review*, DFID, 2011, [http://www.dfid.gov.uk/Documents/publications1/mar/multilateral\\_aid\\_review.pdf](http://www.dfid.gov.uk/Documents/publications1/mar/multilateral_aid_review.pdf).

<sup>23</sup> *Multilateral Aid Review*, DFID, 2011, [http://www.dfid.gov.uk/Documents/publications1/mar/multilateral\\_aid\\_review.pdf](http://www.dfid.gov.uk/Documents/publications1/mar/multilateral_aid_review.pdf).

**Figure 3: Main weaknesses of UK contributions to the European Commission budget highlighted by the UK *Multilateral Aid Review*, 2011**

Indicator	Weaknesses
Contribution to UK development objectives	<ul style="list-style-type: none"> <li>- Low poverty focus: 85% of budget instruments' ODA spent on middle-income countries</li> <li>- Limited evidence of how spend in neighbourhood and pre-accession countries contributes to MDGs and poverty reduction</li> <li>- Variable evidence of impact/delivery against results across regions</li> <li>- Rules can be inflexible/cumbersome, hampering strive for results</li> <li>- Budget instruments are less innovative than the EDF</li> <li>- Gender strategy is adequate on policy but weak on implementation</li> </ul>
Organisational strengths	<ul style="list-style-type: none"> <li>- Non-budget-support assistance has less of a focus on value for money</li> <li>- No clear overall results framework is in place</li> </ul>

**Figure 4: Main weaknesses of UK contributions to the EDF highlighted by the UK *Multilateral Aid Review*, 2011**

Indicator	Weaknesses
Contribution to UK development objectives	<ul style="list-style-type: none"> <li>- Rules can be inflexible/cumbersome, hampering strive for results</li> <li>- Gender strategy is adequate on policy but weak on implementation</li> </ul>
Organisational strengths	<ul style="list-style-type: none"> <li>- Non-budget-support assistance has less of a focus on value for money</li> <li>- No clear overall results framework is in place</li> </ul>

4.3 Since the *Multilateral Aid Review* was completed in March 2011, other independent sources of evidence have assessed EU aid. For example, the *Quality of Official Development Assistance Assessment* (QuODA) reviewed the quality of aid by benchmarking countries and agencies against each other in each year.<sup>24</sup> The study compared the quality of ODA on the basis of four dimensions including: maximising efficiency; fostering institutions; reducing burden; and transparency and learning. The European Commission performed well in the assessment – on a par with the International Development Association at the World Bank – and showed improvement across all dimensions apart from reducing administrative burdens.

<sup>24</sup> *Quality of Official Development Assistance Assessment*, QuODA, 2010, [http://www.cgdev.org/files/1424481\\_file\\_CGD\\_QuODA\\_web.pdf](http://www.cgdev.org/files/1424481_file_CGD_QuODA_web.pdf).



4.4 The independent Phase II Evaluation and the Monitoring Survey of the Paris Declaration provided evidence of performance against the Paris and Accra aid effectiveness commitments. The evidence concluded that the performance of the Commission and 14 member states which participated in the survey is better than global performance overall. Their performance was less successful in predictability, use of programme-based approaches and joint missions.<sup>25</sup>

4.5 The Organisation for Economic Co-operation and Development's Development Assistance Committee has recently published its peer review of the development work of the EU.<sup>26</sup> It notes that, since the last review five years ago, the EU has taken steps to make its aid more effective and give it more impact. These steps included organisational restructuring, streamlining the financial process, improving co-ordination and working more with civil society.

4.6 The review also notes, however, that more progress is needed in a number of areas. It says the EU must:

- clarify the responsibilities of the EU institutions working on development;
- lower the administrative burden on EU staff and developing countries;
- monitor and communicate development results; and
- draw up a coherent approach to working with developing countries emerging from conflict situations.

4.7 A report on the European Commission's management of general budget support was produced by the European Court of Auditors in 2010. The main findings were:<sup>27</sup>

- there are still weaknesses in the methodology and management of general budget support programmes in ACP, Latin American and Asian countries;
- the objectives of general budget support programmes do not sufficiently take into account the specific circumstances and changing priorities of partner countries, other programmes implemented by the Commission and other donors: the objectives of the programmes are also too general; and
- the Commission's external reporting on general budget support tends to focus on how it benefits and improves aid delivery but there is relatively little information on its actual impact on poverty reduction.

4.8 IDC reported in April 2012 on the results of its inquiry into EU development assistance.<sup>28</sup> On the EU as a route for UK aid, IDC concluded that 'the UK has a certain amount of choice whether it spends its aid bilaterally or through multilaterals. Although we have acknowledged that there are some problems with channelling aid through the European Commission, for example the large amount of aid going to

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<sup>25</sup> *Aid Effectiveness 2005-10: Progress in Implementing the Paris Declaration*, OECD, 2011, <http://www.oecd.org/dataoecd/25/30/48742718.pdf>.

<sup>26</sup> *European Union Development Assistance Committee Peer Review*, OECD, 2012, <http://www.oecd.org/dataoecd/61/46/50155818.pdf>.

<sup>27</sup> *The Commission's Management of General Budget Support in ACP, Latin American and Asian Countries*, European Court of Auditors, 2010, [http://capacity4dev.ec.europa.eu/sites/default/files/file/10/03/2011\\_1433/2010\\_ECA\\_report\\_on\\_GBS\\_EN.pdf](http://capacity4dev.ec.europa.eu/sites/default/files/file/10/03/2011_1433/2010_ECA_report_on_GBS_EN.pdf).

<sup>28</sup> *EU Development Assistance, Sixteenth Report of Session 2010-12*, House of Commons, International Development Committee, 2012, <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1680/168002.htm>.

middle income countries and its slow bureaucracy, on balance we are not convinced it is any worse than the other multilaterals DFID funds, for example the World Bank which we have previously reported our concerns on. However DFID should continue to press the Commission to improve its aid effectiveness and value for money.'

4.9 IDC made a series of other recommendations covering: clarity of roles between departments responsible for managing development assistance; conditionality of funding; supporting the private sector; joint programming; reducing the number of countries assistance goes to; the use of budget support; and plans for future funding.

4.10 On joint programming in particular, IDC concluded that 'although joint programming has the potential to prevent the overlap of Member State bilateral programmes and reduce transaction cost for recipient countries, the European Commission does not necessarily have the capacity or the expertise to lead the coordination. The lead donor who coordinates policy for bilateral donors should be the one with the most experience in the area and a proven track record.'

4.11 IDC has also written to us with its views of how we might approach the subject of EU aid. IDC noted the need for our report to complement, rather than duplicate, its own report, also noting that 'it would be helpful if ICAI's EU study could analyse the extent that DFID and the EU's work complements or duplicates in countries where both donors are based'.<sup>29</sup>

4.12 We understand that the National Audit Office (NAO) is also currently conducting a value for money audit that covers DFID's contributions to multilateral bodies as a follow-up exercise to the *Multilateral Aid Review*. One of the case studies under consideration is the European Commission. As with all our work, we will co-ordinate with NAO to ensure we understand what their plans are and can avoid any duplication.

## **5. Analytical approach**

5.1 We have considered carefully how to deliver the maximum benefit from this review given the following considerations:

- in line with our mandate, we will focus on DFID's oversight of the EU's development assistance and not the European Commission's own performance;
- we will use findings from existing research and audits to inform our review of the central relationship between DFID in the UK and the Commission in Brussels and conduct a relatively light-touch review of this ourselves;
- the emphasis will be on the effectiveness and impact of the UK contributions on the ground in a sample of case study countries with different characteristics; and
- reflecting our aim to examine development assistance to low-income countries, we will focus on DFID's contribution to the EDF and DCI, the two largest instruments of EU ODA.

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<sup>29</sup> Correspondence between ICAI and IDC.

5.2 Our review will therefore first provide a brief overview of all of the EU's development assistance activities including its oversight, organisation, strategy, funding mechanisms and approaches to performance reporting and evaluation. In doing so, we will draw on the recent IDC inquiry on EU development assistance, the Government's response (when published) and also the current NAO study. We will avoid duplicating the work of these studies and will focus on how well DFID ensures at the strategic level that the EU's development assistance is effective and meets the needs of intended beneficiaries. We will assess how well DFID uses the information available from the European Commission, such as evaluations and other sources, to give that assurance. This work will include review of relevant policy documents such as *The Agenda for Change*<sup>30</sup> and *The Future of Budget Support to Third Countries*.<sup>31</sup>

5.3 In addition to coverage of the central Commission activity, we will also use evidence from case study country visits to see the operation of EU development assistance on the ground. Our selection of country-level case studies will be from countries with significant EU programme expenditure and reflect our focus on the EDF and DCI. Once in-country, however, we will consider the whole of EU engagement in development assistance to that country.

5.4 We will seek to cover countries where DFID has a significant presence and also where DFID is more reliant on the EU for the delivery of its country objectives. We will consider the ways of working between DFID, European Commission delegations and other agencies at the country level (including recipient governments) and any joint programming.

## 6. Indicative questions

6.1 This review will use as its basis the standard ICAI guiding criteria and evaluation framework, which are focussed on four areas: objectives, delivery, impact and learning. The questions outlined below comprise those questions in our standard evaluation framework which are of particular interest in this review, as well as other pertinent questions we want to investigate. The full, finalised list of questions that we will consider in this review will be set out in the inception report.

### 6.2 Objectives

6.2.1 How well does DFID set its priorities and objectives for engaging with the European Commission and funding for the EDF and use its influence to achieve these?

6.2.2 How well does DFID work with the EU and other donors at country level to ensure that their aid programmes are complementary, meet recipient government's and intended beneficiaries' needs and are co-ordinated effectively?

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<sup>30</sup> *Increasing the impact of EU Development Policy: an Agenda for Change*, European Commission, 2011, [http://ec.europa.eu/europeaid/what/development-policies/documents/agenda\\_for\\_change\\_en.pdf](http://ec.europa.eu/europeaid/what/development-policies/documents/agenda_for_change_en.pdf).

<sup>31</sup> *The Commission's Management of General Budget Support in ACP, Latin American and Asian Countries*, European Court of Auditors, 2010, [http://capacity4dev.ec.europa.eu/sites/default/files/file/10/03/2011\\_-\\_1433/2010\\_ECA\\_report\\_on\\_GBS\\_EN.pdf](http://capacity4dev.ec.europa.eu/sites/default/files/file/10/03/2011_-_1433/2010_ECA_report_on_GBS_EN.pdf).

6.2.3 How well does DFID work with the EU at country level to understand and influence the way the EU programme is intended to make a difference?

### **6.3 Delivery**

6.3.1 How does DFID obtain assurance both centrally and at country level that the EU allows for appropriate voice and participation by recipient governments, communities and intended beneficiaries?

6.3.2 How does DFID obtain assurance both centrally and at country level on the efficiency and effectiveness of the delivery chains used by the EU?

6.3.3 How does DFID work with the EU, delivery partners and the recipient government at country level to ensure that the risks to EU development assistance are appropriately managed, duplication and the bureaucratic burden on recipient countries is minimised and the benefits of co-ordination are realised?

6.3.4 How well does DFID use information obtained about the EU's performance and spending both centrally and at country level to address issues and improve the performance of the EU development assistance?

### **6.4 Impact**

6.4.1 How well does DFID use the European Commission's performance systems, information and evaluation processes centrally and at country level to enable it to assess and engage on the impact of EU expenditure?

6.4.2 How effective is DFID's impact on the Commission's performance according to other EU donors and civil society organisations?

6.4.3 How do the impact of EU programmes and the views of intended beneficiaries at country level illustrate the effectiveness of the EU's performance management and DFID's influence on this?

6.4.4 How does DFID use the available information and its influence centrally and at country level to ensure that EU projects deliver the planned development outcomes and that the long-term performance of EU development assistance improves?

### **6.5 Learning**

6.5.1 How well has DFID learned from both its own experience and that of working with the European Commission and other multilateral institutions to improve the effectiveness and value for money of the EU's development assistance?

6.5.2 What do DFID and other stakeholders, such as international and local civil society organisations, recipient governments and intended beneficiaries, see both as the major concerns and major advantages in respect of how the UK's money is being spent by the EU and the obstacles to further improvement?

6.5.3 How well does DFID use views and information from the network of DFID country offices and other parts of the UK Government to inform its understanding of the impact of EU development? How does it use this understanding to improve the performance of EU development assistance?

## 7. Outline methodology

7.1 The review will involve document review, including:

- **Public documents:** these will focus on the EU's objectives, priorities, organisation, funding and performance on development assistance. These will be obtained through European Commission and DFID websites where there is a considerable amount of information as part of both organisations' commitments to transparency; and
- **Internal Commission and DFID documents:** from the Commission, these will include information and reports from oversight, management and operational levels as well as from the evaluation department and EU country delegations. From DFID, these will include key policy, funding and monitoring information and programme information from country offices.

7.2 The review will involve interviews with:

- key staff in DFID headquarters about their relationship with the EU and their involvement in setting priorities, assessing funding commitments, monitoring performance and assuring key systems and processes;
- senior EU stakeholders, conducted by the Chief Commissioner;
- relevant senior managers in the European Commission centrally about the processes used by the EU to set overall priorities and funding requirements, determine allocation strategies, delivery options, monitor performance and evaluate impact;
- DFID (and, where appropriate, other UK Government) staff in country offices and their European Commission delegation counterparts, about the ways in which they work together and with other donors and the recipient government, on developing the country strategy, designing projects, monitoring performance and addressing risks and issues;
- other donors in-country for their own views of how effective DFID's engagement with the EU is; and
- government, civil society organisations and intended beneficiaries, to obtain their views on the effectiveness and areas for improvement for EU development assistance.

7.3 As mentioned above, the review will emphasise a country-level perspective on the impact of EU ODA. Our work will involve country visit case studies which will be selected at the inception phase.

## 8. Timing and deliverables

8.1 The review will be overseen by Commissioners and be implemented by a small team from ICAI's consortium. DFID will facilitate information-gathering and meetings with EU staff as required. The review will start in May 2012, with a final report available during the final quarter of 2012.