

ECIC (European Communities Institutions Committee) UPDATE

May 2005

Issue 4

1. Regional development

The ECIC has met with several DG Regio (The EU Commission's Directorate General for Regional Development) officials to discuss involvement of Management Consultants in the identification and execution of regional development projects.

With the redefined 'Lisbon objective' of increasing competitiveness, growth and employment in the EU, the awareness has grown that the private sector, and more in particular the business services sector, can play an important role in the development of the regions.

To explain the role MC can play in and for the regions, and to build a better understanding of MC services with the regional authorities, the ECIC has discussed more active participation of Management Consultants in the [Open Days for Regional Development](#), an event jointly organised by DG Regio, the Committee of the Regions and 16 groups of regions involving 110 European regions. Under the headline of "Working together for Regional Growth and Jobs" about 2 000 regional policy experts are expected in Brussels between 10 and 13 October. A [call for papers](#) was distributed to all Member Associations for distribution to the member firms.

DG Regio invited FEACO to attend a conference on Public Private Partnerships, which it plans to organise in November with other International Financing Institutions (IFIs) such as the World Bank and other regional development banks.

2. External aid

Future development policy

In an attempt to implement "interactive policy making" as promoted by DG Markt (The EU Commission's Directorate General for the Internal Market), FEACO was invited to participate in a consultation meeting organised by DG Development to discuss the future development policy.

The discussion evolved around a general policy revision, required for a range of reasons including the fact that the EU now has 25 Member States. The following was discussed:

- Since different regions have different issues to be handled, a "one policy fits all approach" would seem unrealistic.
- The point was made, and accepted, that the private sector should be given more emphasis in the implementation of the new policy.
- Consultants are best placed to "transfer knowledge".
- Areas which require particular attention are procurement, pricing, untying of aid, governance (both beneficiaries and donors) and PPPs (Public Private Partnerships) as well as fighting corruption.
- Efforts will be made to improve the business climate in the beneficiary countries as well.
- Trade was also mentioned as being key to helping the developing countries.
- More emphasis should be put on a "co-ordinated approach" to development funding between Member States' individual policies and the EU's, as well as between the EU's policy and other International Financing Institutions (IFIs), such as the World Bank, Asian Development Bank, the EBRD, etc.

FEACO had a follow up meeting with UNICE, the Union of Industrial and Employers Confederation of Europe, which was one of the few other private sector invitees to this meeting, to see if there would be an interest in co-ordinating certain activities. Until now UNICE activities have mostly focused in trade related issues. UNICE is considering playing a more active role in development. It shares FEACO's interest in procurement related issues, such as Public-Private Partnerships (PPPs) and the effects of the untying of aid.

On the subject of co-ordination, FEACO took part in a meeting between the consulting sector (Engineering and Management Consultants) and the International Financing Institutions (IFIs), which took place on 7 and 8 April at the World Bank in Washington.

FEACO met with several officials of the EuropeAid Co-operation Office (The EU Commission's service responsible for the implementation of the external aid instruments) to discuss the changes in external aid policy, notably the new policy vis-à-vis the so-called "[Neighbourhood countries](#)" (Third Mediterranean countries, and those benefiting from the "TACIS" programme). The reorganisation of the Office was also discussed.

- The EuropeAid service now contains a horizontal Quality Unit, which role is to ensure that programmes are in line with the agreed policies and procedures.
- The general trend will be to provide more and more direct budget support to the beneficiary countries, which will be responsible for the initiation of the projects within the context of agreed development programmes. FEACO stresses the crucial role of good governance and the essential development of appropriate controls in such a context.
- The budget support should be accompanied by "capacity building" supported by consultants. However, as projects related to budget support will have to be launched and carried out in and by the beneficiary countries, FEACO expressed its deep concern on the fact that the procurement rules of those countries will be increasingly used, instead of those of the EU currently common to all the tenderers.
- The trend already observed since 10 years in favour of fewer but larger projects will be reinforced.

On the basis of these discussions a series of proposals are being drafted and, once agreed, will be presented simultaneously to the European Commission and different IFIs

3. Framework contracts, networks and Best Practice

Framework contracts: FEACO is currently working on an opinion paper on the use and abuse of EuropeAid service framework contracts. Such contracts are used for a series of short assignments under €200,000, with a performance period (i.e., duration of actual services to be provided) of less than 12 months. The duration of those framework contracts may generally not exceed four years.

Since a framework contract offers access to service contracts in a much shorter period than any other tendering procedure, these contracts appear to have become over the years an open budget line for everything that needs to be done urgently and too often out of any efficient control.

Due to increasingly complex Terms of Reference and to unclear selection procedures, the ECIC is of the opinion that the rules regulating those framework contracts should be simplified and clarified.

Networks: FEACO is looking into ways to simplify administrative requirements for networks consisting of multiple independent legal entities. Currently it is the case that companies may only draw on the expertise of other companies in their own network for the execution of a project by establishing consortia together. The administrative requirements this entails are particularly onerous in the case of large international projects where many countries are involved.

Best practice: FEACO is currently redrafting the Guide on 'How to make use of Consultants'. This Guide aims to explain to public authorities how to use and work with consultants on public projects. The guide may be developed in co-operation with the Commission.

The information in this note may be freely disseminated to FEACO member firms. Any comments or queries regarding this note or ECIC activities in general may be addressed to Else Groen (feaco@feaco.org)

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