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**Annual Report 2010 on the European Union's development and external assistance  
policies and their implementation in 2009**

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## 1. POLICY

### 1.1. Introduction

The year 2009 was a particularly challenging one for development, given the combined impacts of the global economic, financial, and food crises. It was also a pivotal year in the efforts to address the impact of climate change. As the biggest international donor providing almost more than half of global aid in 2009<sup>1</sup>, the European Union and its members responded dynamically and flexibly to these challenges and opportunities. The 2009 mid-term review of Country Strategy Papers was particularly timely, providing an important opportunity for the European Commission to adapt and readjust it to evolving realities.

Although the global economic downturn of 2009 impacted developing countries in different ways and to varying degrees, the number of people living in absolute poverty in the developing world is expected to increase by 40-80 million compared to pre-crisis levels. In April 2009, the Commission issued a Communication on *Supporting developing countries in coping with the crisis*<sup>2</sup> which includes EU measures to cushion its human impact. It is accompanied by four working documents that focus on financing for development; aid for trade; aid effectiveness; and the Millennium Development Goals (MDGs). In addition, the Commission is mobilising up to €500 million through an *ad hoc* vulnerability mechanism (so-called V-FLEX) to support the most vulnerable countries in the Africa-Caribbean-Pacific (ACP) group. The EU also strove to promote international coordination of external assistance through the development agenda of the G8, and G20 in London (April 2009), l'Aquila (July 2009) and Pittsburgh (September 2009).

As regards food security, the Commission worked hard to deliver very rapidly and efficiently the €1 billion Food Facility which was adopted in December 2008<sup>3</sup> in response to the food price crisis. Since then, the Commission has programmed and started implementing some €37 million worth of development aid that helps increase agricultural productivity, and provides social safety nets for the most vulnerable.

The EU has continued its efforts to make its aid more efficient. The Commission adopted an action plan in April 2009 to assess and monitor the progress made to implement the Accra Agenda for Action at both headquarters and delegation level. Together with Member States, the Commission adopted in November 2009 an operational framework on aid effectiveness containing measures to push forward the Paris and Accra agendas.

The year 2009 was also marked by increased efforts to address the impact of climate change. In the run-up to the Copenhagen climate negotiations in December 2009, the EU intensified its cooperation and dialogue with developing partners: a joint

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<sup>1</sup> EU 15 OECD DAC members represent 56 % of all DAC members' ODA.

<sup>2</sup> COM (2009) 160 final of 8.04.2009

<sup>3</sup> EC 1337/2008, 16.12.2008



Commission-Presidency paper on climate change and development was prepared. The Commission issued a Communication on *Stepping up international climate finance: A European blueprint for the Copenhagen deal*<sup>4</sup> to help developing countries combat climate change. Also in December, the EU agreed on "fast-start" funding of €2.4 billion annually for 2010-2012 to help developing countries to bridge capacity gaps, develop plans to cut carbon emissions, and prepare them for the larger-scale deployment of climate financing post-2012.

Other important publications in 2009 include the second report on policy coherence for development, adopted in September<sup>5</sup>, and the first-ever European Report on Development<sup>6</sup>.

## 1.2. Annual Policy Objectives

In 2008, the Commission's external action sought to achieve the following objectives:

- Implement the 12 Action Plans of the European Neighbourhood Policy (ENP) and to begin negotiations on a new enhanced agreement with Ukraine as well as new contractual arrangements with Libya and the Republic of Moldova (hereafter Moldova). Further engage with Russia on a new cooperation agreement. Continue to play an important part in the Quartet and to dedicate significant resources to the Middle East region.
- Deepen cooperation with ASEAN countries, China and India. Continue and, possibly, conclude the negotiations on the Association Agreements with the Andean Community, Central America and Mercosur.
- Increase the EU's contribution to promoting international security and stability to create the conditions needed for sustainable development. Improve preparedness and capacity to deal with crises in third countries.
- Implement the eight operational thematic partnerships of the Joint Africa/EU Strategy and work to help ACP countries integrate better into the world economy.
- Carry out an action plan based on the European Consensus on Humanitarian Aid to reinforce capacity to respond to humanitarian crises and challenges.

Substantial progress has been achieved in these different areas. In addition, to respond to emerging challenges during 2009, the Commission also took concrete steps to:

- Respond to the impacts of the global economic, financial and food crises.
- Address the impact of climate change on developing countries through cooperation, dialogue and innovative funding modalities.
- Make aid more efficient in line with the principles of increasing ownership and promoting capacity development in partner countries, ensure alignment of aid with national policy in beneficiary countries, and reduce the transaction costs of aid delivery.

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<sup>4</sup> COM/2009/475 of 10.09.2009

<sup>5</sup> COM(2009) 461 final of 17.09.2009

<sup>6</sup> <http://erd.eui.eu/erd-2009/final-report/>

### 1.3. Implementation of the European Consensus on Development

The **European Consensus on Development**<sup>7</sup>, which constitutes a milestone in the history of EU development cooperation, reflects the willingness of the European Union and its Member States to make a decisive contribution to poverty eradication and to achieve the Millennium Development Goals.

It affirms for the first time their common vision on development with, as the main components: more aid, better aid, improved policy coherence for development, and focus on Africa.

In 2009, four years after the adoption of the Consensus, the Commission undertook a preliminary assessment of its progress on a series of policy commitments. Key findings of the assessment pointed to stakeholder appreciation of the Consensus in particular for its clear strategic value. The Consensus is widely accepted and seen as a valuable reference for all development actors. It is thus considered as a baseline to steer the implementation of development policy.

The European Commission strengthened its efforts to ensure that the progress towards the Millennium Development Goals in recent years would not be impeded by the effects of the 'triple shock' from the food crisis, the volatility in fuel/commodity prices and the global financial and economic downturn. The succession of crises has entailed severe consequences in developing countries.

To tackle the effects of soaring food prices on developing countries, the EU adopted the Food Facility, a rapid response instrument providing €1 billion over a three-year period (2009-2011) to over 50 countries to bridge the gap between emergency relief and medium- to long-term development aid. Its chief objectives are: to encourage local food producers to increase supplies, to deal directly with the effects of volatile food prices on local populations, and to increase food production capacity and improve the way agriculture is managed in the longer term. In 2009, more than €37 million were allocated: €30.1 million to be implemented through international and regional organisations, €13.6 through non-state actors (grants) and development agencies (delegation agreements) and €3.7 under budget support operations. Implementation of the Food Facility Regulation is thus fully on track with the original planning and with the budgetary provisions. For further details →3.1

In addition, the EU was the first to react immediately after the G20 Summit in London to support developing countries in coping with the financial and economic crisis. In April 2009, the European Commission issued a Communication on *Supporting developing countries in coping with the crisis*. This proposed a set of comprehensive, timely, targeted and coordinated measures for the EU as a whole to cushion the human impact of the crisis and to boost economic growth in developing countries. These measures include, *inter alia*: honouring aid commitments and leveraging new resources; acting counter-cyclically; improving aid effectiveness; sustaining economic activity and employment; revitalising agriculture; investing in green growth; stimulating trade and private investment; working together for governance and stability; and protecting the most vulnerable. Many of these

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<sup>7</sup> The Consensus was endorsed in December 2005 by the Presidents of the Commission, Council and Parliament.

measures have already been or are being implemented, such as the *ad hoc* Vulnerability FLEX (V-FLEX) mechanism, the €1 billion Food Facility, the acceleration of the mid-term review of the 10<sup>th</sup> EDF and the adoption of the new guidelines on flexible procedures in cases of crises and emergency and post-emergency situations.

In a globalised and increasingly interdependent world, the response to crises needs to be global with particular attention to developing countries. The European Commission has therefore played a proactive role in various international fora (notably within the G8, the G20 and the UN) to ensure that the effects of the financial and economic crisis on the poorest countries were fully taken into account and that specific measures were decided to respond to their increased financing needs.

Hence, in close cooperation with the World Bank and the IMF, the European Commission has set up an *ad hoc* instrument to support the most vulnerable and least resilient ACP countries to enable them to maintain priority spending, notably in the social sectors. The V-FLEX will mobilise up to €500 million in 2009 and 2010 to provide grants to ACP countries where the loans from the international financial institutions (IFI) are insufficient or where potentially the IFI do not operate. €60 million were allocated for the V-FLEX in 2009 with a similar level of support anticipated for 2010. For further details →2.2

Almost two years after the Africa-EU summit in Lisbon, the October 2009 Africa-EU ministerial Troika adopted a mid-term review report assessing progress and challenges in the implementation of the Joint Africa-EU Strategy and the thematic partnerships of its first Action Plan (2008-2010). This joint assessment of the partnership stressed the need for a broader, geographically balanced and more significant involvement of African countries and regional economic communities, as well as of EU Member States. Improved coordination and communication between stakeholders were also deemed necessary. Ministers emphasised the need to jointly examine ways of better mobilising human, technical or financial resources. The European and African Union Commissions strengthened their administrative cooperation with the signature of a joint Action Plan, thus contributing to institutional capacity-building.

A workshop organised in November during the European Development Days with a variety of institutional and non-institutional African and European stakeholders highlighted the "people-centred" dimension of the Africa-EU Partnership.

On the research side, the first European Report on Development (ERD 2009)<sup>8</sup> was officially launched in October 2009 in the context of the initiative for mobilising European research for development policies. This first issue was dedicated to the topic of "Overcoming fragility in Africa – forging a new European approach" and brought together a consortium of European researchers headed by the European University Institute. A participatory process involving a wide range of scholars, policymakers and civil society representatives, from both Europe and Africa, was at

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<sup>8</sup> The ERD is available on the website <http://erd.eui.eu/>.

the heart of this ambitious policy research initiative. The report analyses the structural features and causes of fragility in Sub-Saharan Africa, as well as the costs in human, economic and security terms, regionally and globally. It then explores the complex links between fragility, vulnerability and resilience and describes how fragile African countries in particular have been hit by the succession of crises. In conclusion, the report assesses the current EU engagement and proposes long-term policy priorities for the future.

#### **1.4. Coherence between development and other policies**

Aid is critical for supporting developing countries. But aid alone is not enough. Policies in areas beyond development impact strongly on the capacity and constraints affecting progress towards development goals. By making these policies consistent with the objectives of development, the EU facilitates poverty eradication. Policy Coherence for Development (PCD) is an additional necessary contribution to development.

To assess the progress made on PCD, the Commission issued the second EU PCD report<sup>9</sup> in September 2009. This report covers 12 policy areas which impact on development, namely trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, employment and decent work, migration, research and innovation, information society, transport and energy. Good governance in taxation was identified as another area where the Commission will seek positive synergies with development objectives<sup>10</sup>.

The report clearly shows the strong impact the EU has through its wide array of policies, processes and instruments on developing countries and that PCD is a very complex process. The long-running Doha Development Round of trade negotiations at the WTO is a case in point. And just like trade, many other policy areas balance diverse and diverging interests and are pursued through an array of instruments, agreements and mechanisms. But there are examples of success. In the areas of research, energy and environment, EU policies have been particularly positive for developing countries. In research, EU and developing countries work together in areas of interest for the latter, such as health or food security. Researchers from developing countries are encouraged by the Commission to participate in research programmes and mobility schemes. In the first two years of the EU's 7<sup>th</sup> R&D Framework Programme (FP7) running from 2007 to 2013, successful applications for research funding from African scientists amounted to €60 million. Other regions also benefitted from this cooperation.

In environment policy, the EU has taken the lead to protect the world's forests. Under its Forest Law Enforcement Governance and Trade (FLEGT) initiative, the EU imports only certified timber from its partner countries to fight illegal logging. And in fisheries policy, the EU has introduced new rules to prevent, deter and eliminate illegal, unreported and unregulated fishing<sup>11</sup>.

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<sup>9</sup> COM(2009) 461 final of 17.09.2009

<sup>10</sup> COM (2009) 458 of 15.09.2009

<sup>11</sup> [http://ec.europa.eu/fisheries/cfp/control/illegal\\_fishing/index\\_en.htm](http://ec.europa.eu/fisheries/cfp/control/illegal_fishing/index_en.htm)

In the energy sector, the binding target under the Renewable Energy Directive (2009) is for renewable energy to provide 20% of the EU's final energy consumption by 2020. Developing countries are expected to benefit by exporting biofuels to the EU. Biofuels must comply with clear environmental sustainability criteria. The Directive also foresees reporting on possible economic and social impacts in third countries.

Building on these experiences and the lessons learned, the Commission proposed a new approach to PCD<sup>12</sup>, which was endorsed by the Council of the European Union in November 2009. Taking a more pro-active, more political but at the same time more operational approach, the EU will focus PCD work on five global challenges:

- trade and finance
- climate change
- food security
- migration
- peace and security

This is in not a 'narrowing down' of the number of policy areas and issues to be tackled. Global food security, for instance, require coherent policies in a number of areas including trade, agriculture, climate and fisheries for the countries concerned, as well as energy where relevant. The 2005 PCD commitments in the 12 policy areas will continue to function as the general policy framework.

The Commission Communication on PCD also notes that financial flows other than Official Development Assistance (ODA) are important for development, and often exceed ODA, at least in volume terms. As their impact on progress towards the development objectives depends on a number of variable factors, improving the degree of Policy Coherence for Development can increase the development benefits of those non-ODA flows. Reducing the costs of transferring money back home can increase the net value of remittances for people in developing countries. A better allocation of domestic revenues in developing countries is also needed. This calls *inter alia* for fair, effective and efficient tax systems, as well as a strong commitment to address harmful tax practices and tax evasion, and to promote transparency and cooperation at the international level. Climate financing is obviously another key new area where the need to ensure its coherence with development objectives should be a political priority. For the future, the inclusion of a legal basis for policy coherence work in the Lisbon Treaty confirms its place in EU development policy. But PCD is a very political agenda that needs the active participation and support of politicians, policymakers and civil society over the coming decade. Development assistance will remain at the core of EU support to developing countries. But it will need to be complemented by work to enhance the coherence of all relevant EU policies with development objectives in order to make an additional contribution to development.

## **1.5. Mainstreaming of cross-cutting issues**

The European Commission is committed to mainstreaming certain cross-cutting issues as agreed in the European Consensus on Development. They include the promotion of human rights, gender equality, democracy, good governance, children's

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<sup>12</sup> Policy Coherence for Development – Establishing the policy framework for a whole-of-the-Union approach COM(2009)458 final of 15.09.2009

rights and the rights of indigenous peoples, environmental sustainability and combating HIV/AIDS. These issues are objectives in themselves which are promoted and supported in their own right through projects and programmes. At the same time, they are vital factors in strengthening the impact and sustainability of development cooperation.

### **Democracy and good governance**

Governance lies at the heart of the Commission's cooperation strategies with third countries and as such is a recurrent subject in its policy dialogue with them. The Commission has adopted a broad approach to governance, putting the emphasis on the state's ability to serve the citizen. Participation, inclusion, transparency, accountability and anti-corruption measures are essential principles of the EU approach.

Governance is crucial for improving the investment climate and public finance management and reducing corruption. There is a need to improve good governance in the tax area<sup>13</sup> and revenue collection for development, while strengthening checks and balances within and between institutions to improve domestic accountability, and contributing to political stability. Governance is also crucial for sector development and outcomes, and thus for efficient service delivery. While recognising that improving democratic governance is an internal process in each country, the Commission is determined to address democratic governance both as a specific policy area and as a cross-cutting issue concerning all programmes and sectors. To that end, the Commission has developed together with the European Centre for Development Policy Management and in close collaboration with interested Member States a reference document on 'Analysing and addressing governance in sector operations'<sup>14</sup> and is developing staff guidance notes on sector governance in a number of cooperation areas, such as infrastructure development and trade-related assistance. Some Member States have also developed their own methodologies. Since the publication of the reference document, exchanges are also taking place with various donors (including Member States) on methodology and diffusion of the document.

#### **What does the Commission's approach to governance entail?**

First, starting from reality. Development reforms work better when they build on what already exists in the domestic institutional structure. The Commission aims to avoid using standard models which assume that ready-made solutions and 'one size fits all' approaches will work.

Second, taking a transversal and holistic approach. Address governance issues in various sectors (roads, education, health etc) and identify the common challenges across sectors, such as transparency in public finance management, procurement efficiency, internal control systems, external audit function, etc.

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<sup>13</sup> Antigua and Barbuda committed in 2009 to adopt and implement the three principles of good governance in the tax area, ie transparency, exchange of information and fair tax competition.

<sup>14</sup> [http://ec.europa.eu/europeaid/infopoint/publications/europeaid/149a\\_en.htm](http://ec.europa.eu/europeaid/infopoint/publications/europeaid/149a_en.htm)

Third, including all stakeholders. The Commission is now increasingly approaching parliaments and other checks-and-balance organisations, a wide range of bodies and institutions providing basic services to citizens, non-state actors and other stakeholders as partners for development.

Fourth, progressing gradually. Development and particularly governance improvements are long-term processes. Change must come from within and the Commission aims to support partner countries' own efforts.

### **Gender equality**

Gender equality is promoted in two ways: as a cross-cutting issue, and with gender specific actions. Taking the 2007 Communication on gender equality as a starting point, the Commission and Member States have together worked towards an EU Plan of Action on Gender Equality and Women's Empowerment in Development, which contains a series of activities and indicators to help accelerate the achievement of the MDGs and other international gender equality commitments. A joint EU approach to the promotion of gender equality and women's empowerment will leverage more progress than can be achieved by Member States and the Commission acting separately.

The European Union continues to raise gender equality and women's rights in political and human rights-related dialogues with partner countries on a regular basis. These initiatives are now framed in a coherent and coordinated way in the implementation of the EU guidelines on violence against women and girls and combating all forms of discrimination against them<sup>15</sup>.

Ministers of the 43 member states of the Union for the Mediterranean convened the second Ministerial conference on strengthening the role of women in society (Marrakesh, November 2009). The meeting reiterated the Union's commitment to the Istanbul common framework of action (2006-2011). The European Commission is supporting the process launched by the ministerial conferences through the EuroMed gender equality programme. A call for proposals on "Strengthening the capacity of non-state actors to promote women's rights and gender equality" in 10 Mediterranean countries was launched in 2009 with a budget of €7.8 million.

Women, peace and security are currently top of the international political agenda. In October 2009, the UN Security Council adopted two new resolutions (UNSCR 1888 and 1889). The EU is currently implementing an ambitious comprehensive approach to the implementation of UNSCR 1325 and 1820. To raise awareness on these new developments and to brainstorm on how the EU could support the implementation of these resolutions, a workshop on gender, peace, security and development was held in Brussels in September 2009. The EU Member States and the Commission also supported the international colloquium on "Women's empowerment, leadership, development, international peace and security" (Liberia, 7-8 March 2009).

Building gender capacity, developing methodological tools and improving coordination and collaboration with the main actors in the area of gender is a priority. The pioneering online course on gender equality and aid effectiveness generated

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<sup>15</sup> <http://www.consilium.europa.eu/uedocs/cmsUpload/16173cor.en08.pdf>

unprecedented demand from government, donor, multilateral and civil society organisation representatives. In October 2009, an international workshop was organised by the EuropeAid Cooperation Office on poverty reduction and sexual and reproductive health and rights which had a strong focus on gender equality and women's empowerment and an emphasis on young people – of both sexes.

### **Children' rights**

The European Commission's joint work with UNICEF on the "Comprehensive toolkit to address children's rights in European development cooperation and external relations" to support the work of partner countries, delegations and other relevant stakeholders to mainstream children's rights, is in its final stage of preparation. In 2009, 10 projects addressing the issues of children affected by armed conflict and of violence against children were shortlisted as a result of a call for proposals (from 254 concept notes received). Additionally, and under the same instrument, some delegations (e.g Haiti, Democratic Republic of the Congo (DRC), Ukraine, etc.) have selected projects targeting children's rights under the so-called country-based support schemes.

### **Indigenous peoples, minorities and other vulnerable groups**

EuropeAid organised for the first time in 2009 a regional workshop on indigenous peoples, minorities and caste-based discrimination, focused on south and south-east Asia. Participants from EU Delegations and Member States, as well as several external experts attended this workshop.

The analysis of the international and national legal framework on indigenous peoples' and minorities' rights, the current challenges they face, the particularly vulnerable situation of Dalits, and the various EU strategies for response developed at country level opened up new opportunities for networking, as well as in considering transnational or regional EU projects.

### **Environment and climate change**

Climate change remained at the top of the Commission's agenda, with numerous initiatives. In November, the Communication on *Stepping up international climate finance: A European blueprint for the Copenhagen deal*<sup>16</sup> proposed options to generate adequate financial flows for developing countries in their efforts to adapt to and mitigate climate change.

In addition, the Commission continued its efforts with a contribution on improving environmental integration in development cooperation<sup>17</sup> in April, and produced a report on the implementation of the 2001 environment integration strategy. This highlighted examples of better integration of the environment into development policy in areas such as drafting Country Environmental Profiles (almost complete coverage) or the commitment to undertake Strategic Environmental Assessments and the publication of an environment integration handbook. In June 2009, the Council invited the Commission to join with Member States on environment integration to

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<sup>16</sup> COM (2009) 160 final of 8.04.2009

<sup>17</sup> SEC/2009/555 of 21.04.2009



monitor the implementation of the EU approach, and to prepare an ambitious EU-wide strategy, to be presented to the Council by late 2011.

Work on methods and tools culminated in the finalisation of guidelines<sup>18</sup> on addressing environment and climate change as cross-cutting issues. Efforts have been made to promote harmonised approaches between development partners on integrating climate change mitigation and adaptation. Rules on the functioning of EuropeAid quality support groups and standard documentation for the preparation of projects were revised in parallel, *inter alia* to strengthen links to integration procedures.

An intensive programme of training seminars to strengthen staff capacities was carried out in Brussels and partner countries. More than 400 people were involved in 2009, with participants from the EU and Member State development agencies, line ministries and government agencies in partner countries, UN agencies, the World Bank, the International Monetary Fund and other development partners such as non state actors. Awareness-raising lunchtime talks organised for Commission staff and the wider public focused on climate change adaptation, mitigation and multiple wins, and disaster risk reduction.

In collaboration with Member States, the Commission is developing a methodological tool to help assess, establish and implement a programme-based approach in the environment and natural resources sector. It also launched a study on environmental fiscal reform with a view to promoting green taxation and budgeting concepts.

In 2010, the Commission will continue work initiated in April 2009 under the backbone strategy for technical cooperation reform by providing capacity for development<sup>19</sup> training sessions, open to all development actors. The Global Climate Change Alliance support facility launched in November will further promote climate change mainstreaming in developing countries by providing support, holding events and conducting studies. For further details → 2.3.10

## 1.6. Aid effectiveness

Since the adoption of the Accra Agenda for Action (AAA) in Ghana in September 2008, the internationally-agreed aid effectiveness agenda has entered a critical phase. Donors and partner countries need to demonstrate that by 2010 they will achieve the objectives set out in the Paris Declaration of 2005 and reaffirmed in Accra. The next High-Level Forum scheduled for 2011 in Seoul, will reveal the extent to which international aid has indeed become more effective as measured by greater ownership by partner countries and by being more focused, harmonised, transparent, predictable, accountable and by producing tangible results.

In this context, the focus in 2009 was on implementation. The European Commission's commitment to the aid effectiveness agenda moved forward at three levels:

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<sup>18</sup> <http://www.environment-integration.eu/>

<sup>19</sup> <http://www.capacity4dev.eu>

- As a donor, the Commission implemented EU commitments to aid effectiveness via its own €8 billion annual development assistance programme which it implements through the EU Delegations across the world.
- At EU level, the Commission promoted collective action by developing and implementing a common aid effectiveness strategy for the 27 Member States. Between them, the Commission and the Member States account for more than half of global aid.
- The Commission played an active part in aid effectiveness processes at international level.

#### *The Commission as a donor*

In April 2009, the Commission adopted an Action Plan<sup>20</sup> to promote aid effectiveness as a donor and to assess and monitor the progress made in implementing the AAA at both headquarters and delegation level. The plan focuses on concrete actions in five priority areas: use of country systems including capacity building, division of labour, untied aid, changed conditionality and predictability and transparency. In addition, it covers three specific themes: countries in fragile situations, gender and non-state actors. The activities set out in the Action Plan are furthered by coordination and dissemination exercises such as coordinating headquarters and Delegation level aid effectiveness networks, internet and intranet web pages on aid effectiveness, awareness raising through regional seminars, and guidance on specific issues. Significant emphasis was also put on developing training modules on aid effectiveness and division of labour for headquarters and Delegations.

The Action Plan was monitored in mid-2009 to take stock of the progress already achieved and to identify further actions needed in 2010 to accelerate progress and demonstrate concrete results in time for the Fourth High-Level Forum.

On the division of labour between the Commission and Member States, substantial progress was made in 2009 to enhance coordination among donors at country level through delegated cooperation/co-financing. In December 2009, there were 48 delegation agreements (from the Commission to a Member State) under preparation or signed for a total of €242.7 million. An example of these is the €5.8 million to be delegated by the Commission to Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ, Germany) to reform the justice sector in Zambia. In parallel, 17 transfer agreements (from a Member State to the Commission) for a total of €123.3 million were in the pipeline or signed, along the lines of the €13 million to be transferred by the Department for International Development (DfID, UK) to the Commission for a school sector reform programme. For further details → 5.5

Progress was also made in other areas. The Commission increased the use of country systems through new mechanisms such as decentralised management and by promoting an extensive and innovative use of budget support, and has pursued the reform of its technical cooperation with the aim of improving quality.

The year 2009 was important as the mid-term review (MTR) of country strategy papers and multi-annual programme documents financed under EU development

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<sup>20</sup> SEC (2009) 443/2 of 8.04.2009

assistance (DCI) and the European Neighbourhood Partnership Instrument (ENPI) was taking place. At the same time, the MTR exercise for the 10<sup>th</sup> European Development Fund (EDF) began. Aid effectiveness principles were integrated in the guidelines of these reviews. The processes for accelerating effectiveness of EU aid were set up/reinforced in 2009 with the preparation of a set of 10 high-impact actions to be implemented in 2010 in three priority areas consistent with the AAA and the EU's 2009 operational framework:

- Use of country systems
- Division of labour
- Better quality technical cooperation, inter alia by reducing the number of parallel project implementation units (PIUs).

#### *The EU level*

The 2009 'Spring package' accompanying the Commission Communication on *Supporting developing countries in coping with the crisis* included a Commission staff working paper "Aid effectiveness after Accra. Where does the EU stand?"<sup>21</sup>, based on the results of the annual Monterrey questionnaire. The paper focused on four key areas to which the EU committed itself in the Council conclusions of May 2008 and in the EU Guidelines for Accra: division of labour, use of country systems, predictability of aid and mutual accountability for results, including less conditionality. The paper pointed out several cases where EU donors were able to benefit from joint action, such as using the Commission backbone strategy on technical cooperation to align and harmonise aid or utilising existing guidance from Member States on promoting programme-based approaches and country systems. On the basis of these results, the Council requested proposals for an operational framework on aid effectiveness.

The EU Operational Framework<sup>22</sup>, adopted in November 2009, consists of thematic chapters on common, harmonised approaches for the EU and the Member States and a set of measures to be implemented individually and jointly by EU donors. The aim of the framework is to facilitate concrete progress and capitalise on the added value of the EU working together. New thematic chapters can be added to the framework in the future. The first three chapters concerned division of labour, use of country systems and technical cooperation.

To promote division of labour among donors and reduce aid fragmentation, the framework institutionalised the Fast Track Initiative on division of labour (FTI-DoL). Within the FTI, a Member State or the Commission has taken the lead to facilitate and promote division of labour in a particular partner country. The Commission is lead facilitator in five countries: Ethiopia, Tanzania, Vietnam, Bangladesh and Nicaragua and supporting facilitator in 12 others: Benin, Bolivia, Burundi, Cambodia, Central African Republic, Ghana, Haiti, Lao PDR, Malawi, Mali, Mozambique and Zambia.

Under the framework, the roles of facilitators on the ground were clarified and guidance for promoting division of labour arrangements was provided. The

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<sup>21</sup> SEC(2009)443 of 8.04.2009

<sup>22</sup> <http://capacity4dev.ec.europa.eu/operational-framework-aid-effectiveness>

framework also launched a process of agreeing on joint programming by EU donors in a number of partner countries to be defined in 2010.

In 2008 and 2009, the Fast-Track Initiative, thanks to a strong German contribution, underwent its first two rounds of monitoring. The latest monitoring included responses from EU donors in 28 developing countries. The results show that progress varies significantly from country to country. Good performers in implementing the division of labour can be found in all regions, but especially in eastern and southern Africa. Overall the last monitoring showed an encouraging momentum in preparing division of labour through donor mapping, lead donor arrangements and increased reprogramming. However, guaranteeing commitment and ownership by partner countries and the reluctance of donors to shift sector focus often pose challenges. Further progress is needed to encourage local ownership, since it appears that partner governments play an active role in fewer than 30% of cases.

On the use of country systems, EU donors agreed on a common approach to implement the Accra commitment, using the partner countries' own systems as the first option. This includes undertaking reviews of internal arrangements, agreeing on joint assessments for the use of country systems and promoting use of country systems irrespective of the aid modality used.

The EU approach on technical cooperation builds to a large extent on the Commission Backbone Strategy on Technical Cooperation. Its key elements are ownership and leadership by partner countries, a demand-led approach where technical cooperation is not provided by default, results orientation and a focus on capacity development.

The Council also agreed that the annual Monterrey report would be used as a monitoring mechanism for the operational framework, while avoiding unnecessary duplication with the Paris Declaration monitoring exercise. Finally the Council agreed that future chapters of the framework could include issues such as mutual accountability, predictability of aid, cross-country division of labour, vertical funds and global initiatives and incentives for aid effectiveness.

Based on a decision from the Council, an Experts Working Group was established to analyse the additionality of grants in the framework of blending mechanisms<sup>23</sup> for external assistance. The final report of the group is an example of enhanced cooperation between the Commission, Member states, IFIs and Member States' bilateral finance institutions or development agencies.

### *International level*

The Commission continues to promote aid effectiveness within various international fora. The Working Party on Aid Effectiveness (WP-EFF), hosted by OECD-DAC (Development Assistance Committee), was instrumental in preparing the Third High-Level Forum and remains the main forum for the international dialogue on aid effectiveness. In March 2009, the appointment of the Director-General of the

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In general terms, loan grant blending arrangements combine flows with different financial terms and characteristics (such as grants, loans and guarantees) to gain leverage (financial or quantitative) and thereby increase impact.

EuropeAid Cooperation Office in his personal capacity as co-Chair of the OECD Working Party on Aid Effectiveness provided a rare opportunity to influence the international aid effectiveness agenda by making tangible progress at country level. The monitoring of the Paris Declaration and the preparations of the Fourth High-Level Forum in Seoul will take place under the leadership of the Working Party. During 2009, the Commission continued active participation in the WP-EFF and several Member States played key roles in its subsidiary bodies. The EU agreed and presented a common position on the renewed mandate and structure of the WP-EFF in spring 2009, with regular EU coordination in advance of meetings. The EU and the Commission have been in favour of a proactive role for the WP-EFF to support implementation of aid effectiveness at country level. The co-chairs of the working party have since launched an initiative to engage with partner countries that see an added value in WP-EFF involvement.

In the next two years, the Commission faces three challenges:

- to make good progress in 2010 and meet aid effectiveness targets as a donor in its own right;
- to monitor Member States' progress and encourage joint EU approaches where these provide added value;
- to build strong unified EU positions, particularly in the run-up to the Fourth High-Level Forum in Seoul.

Delivering on these challenges will require time, dedication, prioritisation and determined political will.

For further details → 1.4 & chapter 2

#### **Case study: Leading by example in Bangladesh**

Donor coordination in Bangladesh is well established, with government-led coordination carried out through a joint cooperation strategy (JCS). Bangladesh is on the list of countries for fast-tracking division of labour and the Commission has been nominated as lead facilitator on the ground, with support from the Netherlands and the UK. The EU Member States decided to lead by example, by putting in place the building blocks for division of labour so that when the JCS became operational it would serve as an example for other donors to follow if they wished.

In June 2009, with support from the Commission's country facilitation team in Brussels the EU Delegation in Bangladesh prepared the groundwork and led the DoL implementation process. Staff from Member States, from government and from the Delegation was trained in aid effectiveness and on implementing DoL, using the Commission toolkit. A series of meetings of EU heads of cooperation were organised to build consensus. They agreed an action plan for implementing division of labour among EU Member States in Bangladesh. The information was shared with government and the action plan is being implemented.

### **1.7. Cooperation with international organisations**

#### **• United Nations**

The EU sees the UN as one of its most important partners in the field of development. The EU-UN partnership is guided by the international policy agenda, in particular the UN Millennium Declaration and the Millennium Development Goals. Throughout 2009, the Commission continued its contacts, cooperation and dialogue with the UN and its agencies, funds and programmes. This cooperation has

developed into a mutually beneficial partnership in policy, normative and operational terms with individual UN bodies and the UN system as a whole. These joint efforts have resulted in saving and protecting lives, strengthening governance, protecting human rights, preventing and overcoming crises as well as promoting democracy, human development and sustainable livelihoods.

The Commission has continued to give particular attention to projecting EU policy priorities and values in the UN context. This goes hand-in-hand with the Commission's increased presence and input in policymaking and debates at UN institutional fora, conferences and conventions. UN reform remains a key priority for the Commission, which supports UN efforts to promote system-wide coherence and to increase UN effectiveness, including in its country-level operations.

In 2009, as in previous years, the Commission actively participated, as an institution of the EU, in the work of the main bodies of the UN, including the General Assembly and the UN Economic and Social Council (ECOSOC). The Commission also continued its policy dialogue with UN bodies. Several senior meetings took place in 2009 with UN agencies, funds and programmes (including UNODC, WFP, FAO, UNEP, etc.) to review policy priorities and technical cooperation. The Commission also participated in the process of FAO reform, in particular of the Committee on World Food Security.

The Commission launched concrete European action in spring 2009 to support developing countries' efforts to deal with the adverse impacts of the global financial and economic crisis. This provided a solid basis for the EU contribution to the UN conference on the financial and economic crisis and its impact on development<sup>24</sup>, which took place in June 2009 in New York. The conference provided an opportunity for all UN Member States to voice their opinion and agreed on an outcome document by consensus avoiding a potential north-south clash. The outcome appropriately highlighted the role of the UN in the global response to the crisis and in governance, particularly as regards development. The EU has since worked together with partners in the General Assembly and ECOSOC to follow up the decisions taken by the conference.

Climate change was an important issue at the UN in 2009 culminating in the United Nations Framework Convention on Climate Change (UNFCCC) climate summit in Copenhagen<sup>25</sup>, where Heads of State and Government negotiated the *Copenhagen Accord*, an important step forward on the way to an ambitious legally binding international climate agreement.

Cooperation with the UN on peace and security issues progressed during 2009. The EU and UN cooperated closely *inter alia* on peacekeeping, conflict prevention and peacebuilding. The EU continued to provide significant support for long-term peacebuilding and stabilisation in countries where UN peacekeeping missions are deployed. The EU successfully handed over responsibilities from EUFOR to the military force of the UN mission in Chad/Central African Republic (MINURCAT).

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<sup>24</sup> <http://www.un.org/ga/econcrisissummit/>

<sup>25</sup> 15<sup>th</sup> Conference of the Parties to the UN Framework Convention on Climate change (COP 15) and 5<sup>th</sup> Conference of Parties serving as Meeting of the Parties to the Kyoto Protocol (CMP5)

Joint work also took place on post-crisis needs assessments, mediation capacity and women in peace and security.

Finally in November 2009, the Commission actively participated in the world summit on food security at the FAO in Rome. The summit declaration includes commitments to:

- take urgent action to eradicate hunger and reduce the proportion and number of people suffering from hunger and malnutrition by half by 2015;
- reverse the decline in funding for agriculture, food security and rural development in developing countries;
- face the challenge of climate change to food security.

#### • **International financial institutions**

Cooperation between the European Commission and international financial institutions (IFIs) – especially the World Bank, the International Monetary Fund and regional development banks (RDBs) – remained strong in 2009. The EU also provides a €25.8 billion mandate to the European Investment Bank (EIB), which allows it to finance projects outside the Union supporting EU policies, backed by an EU guarantee. By the mandate decision which entered into force in July 2009<sup>26</sup>, the EIB was requested to enhance its activity in support of the EU's development policy objectives. The mid-term review of the EIB external mandate provides an opportunity to increase the EIB's role in development cooperation. In addition to cooperation on policy initiatives, the Commission continued its efforts to coordinate the European position within the IFIs.

#### *Enhancing the European voice within the IFIs and RDBs*

In March 2009, the Commission organised an annual visit to the EU institutions by the European Executive Directors of the World Bank (EU Member States Representatives). A similar visit was organised for EU representatives at the IMF. In addition, the Commission participated in regular coordination meetings of representatives of Member States on the boards of those institutions. At the World Bank, these coordination meetings resulted in around 30 European common positions on board agenda items in 2009.

#### *World Bank (WB), International Monetary Fund (IMF) and African Development Bank (AfDB)*

The WB, IMF, AfDB and the Commission cooperated on crucial policy initiatives including financial instruments to mitigate the effects on the financial crisis (eg with the WB and the IMF on the V-FLEX instrument to ensure that financial resources really reached developing countries, particularly the poorest ones). On debt sustainability, the Commission decided to support the Debt Management Facility (DMF) managed by the WB in order to enhance the capacities of eligible Heavily Indebted Poor Countries (HIPC) to sustainably manage their debt in the future. In

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<sup>26</sup> Decision No 633/2009/EC of the European Parliament and of the Council.

addition, the EU and IFIs also aligned their policies on other important issues including water, food security, fragile states, post-crisis exit strategies, climate change, vulnerability assessments and assessment of investment climate. In 2009, governance reform and capital increases were high on the agenda of the WB, IMF, G20, G8 and other international fora. The Commission presented its response to the crisis, called on partners to reaffirm their existing commitments, pleaded for close international cooperation to mitigate the effects of the crisis and advocated the rebalancing of voting share to strengthen developing and transition countries and thus preserve the WB's legitimacy and effectiveness.

The tripartite partnership on Africa between the World Bank, the African Development Bank and the European Commission continued on three key sectors: budget support and public finance management (PFM); managing for results; and infrastructure. Results included: a tripartite statement on infrastructure which was widely distributed (G8, Regional Economic Communities, etc), a common approach paper on budget support in fragile states, dialogue on country and sector level indicators, the preparation of a joint questionnaire on budget support and donor coordination to strengthen statistical capacity in pilot countries.

#### *The African Development Bank (AfDB)*

The Commission maintained close ties with the AfDB including regular meetings by Development Commissioner Karel De Gucht and his predecessor Louis Michel with AfDB President Donald Kaberuka and senior colleagues. The Commission also continued financial support to the AfDB's annual publication of the African Economic Outlook.

- **OECD**

Cooperation with the OECD on development issues continued to be close in 2009. The Commission participated in a reflection group preparing a new mandate for the Development Assistance Committee for the years to come and took an active role in the implementation of the recommendations of this group. At the annual high-level meeting of the DAC, the Commission expressed concern at the increasingly negative impact of the economic crisis on developing countries and called for further reflection on a new paradigm for development finance. The Commission participated at Commissioner level in an annual OECD event (so-called Tidewater Conference), which advanced the current debates on development goals, finance and policy coherence.

For further details → 5.5

### **1.8. Cooperation with non-state actors and local authorities**

In 2009, the Commission implemented the first stages of the strategy defined in its October 2008 Communication on *Local authorities: actors for development*<sup>27</sup>.

As proposed in the Communication, measures were taken to develop an atlas of decentralised cooperation. This tool was to be online and hosted by the Committee of

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<sup>27</sup> COM2008(626) final of 8.10.2008



the Regions during the first quarter of 2010. In the same vein, the first steps were taken to create a portal of decentralised cooperation, to be operational in mid-2010. This tool, also hosted by the Committee of the Regions, would be the entry point for European local authorities working in the field of development cooperation.

The first "Assizes of decentralised cooperation" attended by more than 300 representatives of local authorities from the EU and developing countries was held in Brussels in December 2009. The meeting looked at how local and regional authorities in the EU can improve their development cooperation with counterparts in the developing world, including discussions on particular policy sectors such as aid efficiency, governance, energy and health.

The platform of dialogue for local authorities involved in development was also set up in 2009. Three regional seminars for local authorities will be organised in 2010.

Throughout 2009, cooperation with non-state actors continued, both in terms of their involvement in defining development strategies (particularly the mid-term review of the 10<sup>th</sup> EDF and budget instruments) and their role as implementers of development policy actions.

Besides the regular in-country consultations, led by EU Delegations on specific geographic and thematic field operations, a substantial dialogue with non-state actors and local authorities has been ongoing at headquarters level on several key policy issues. These include aid effectiveness, policy coherence for development, financing, the Joint EU-Africa Strategy and climate change. In addition, three regional seminars took place with non-state actors and local authorities from the North and from the South as well as with representatives of governments and parliaments on policy and operational issues. Engaging with non-state actors and local authorities remains a high priority in EU development and external policy. This factor, coupled with the impact of global events, EU institutional and policy changes and the changing nature of non-state actors and local authorities, indicates a need to streamline further the consultations between them and the Commission.

To this end, the Commission developed a structured dialogue in late 2009, to be launched in March 2010, on the involvement of non-state actors and local authorities in EU external and development policy. It will continue throughout 2010 and will seek to reach a common understanding on the main outstanding issues related to the strategic role of NSAs and local authorities in the EU's development activities and increasing the effectiveness of their involvement.

Besides these strengthened efforts to engage in regular dialogue with non-state actors and local authorities, the Commission has sought to refine further the tools mobilised to support these actors and build their capacity. Findings and recommendations stemming from evaluations, studies and audits, completed during 2009 were taken into account. Preparations for a mapping study in Latin America were finalised, whereas another one has started for Asia. In both cases, the idea is to provide guidance on how to better identify the actors, their added-value, their strengths and weaknesses, the global context in which they operate and to integrate this knowledge into implementation strategies.

Finally, it is important to underline that the European Development Days of 2009 was the largest stakeholder event organised by the Commission and the largest public event of the Swedish Presidency.

## **1.9. Cooperation with middle-income countries**

There are more than 80 Middle Income Countries (MICs). They account for about half the world's population and are home to one third of people living on less than \$2 per day. They cover a wide income range, and differing paces of socio-economic growth. Overall however they are characterised by big internal income disparities and widespread social exclusion. For these reasons, they still benefit from EU development assistance. On the other hand, their size and level of economic development mean that they also play an increasingly central role as partners in tackling global issues such as climate change, promoting global economic growth, security, and others.

The goal of EU assistance to the MICs is to enhance sustainable development and poverty reduction in pursuit of the Millennium Development Goals. The EU uses a variety of financial instruments like the Development Cooperation Instrument for Latin America, Asia and South Africa, and the European Neighbourhood Policy Instrument for east European and south Mediterranean countries.

The present cooperation between the EU and Latin America acknowledges that all 17 Latin American countries are recognised as MICs, while accepting the need for a differentiated approach that corresponds to the level of development of each country. For the Lower Middle Income Countries (\$1 000-\$3 700 GNI per capita), cooperation concentrates support on policies aimed at reducing poverty, inequality and exclusion. This cooperation includes the use of budget and sector support programmes, aimed mainly at social sectors and public management. Other countries benefit mostly from cooperation on the promotion of good governance, stability and institution building. For Upper Middle Income Countries (\$3 700-\$11 500 GNI per capita) more emphasis is placed on economic and trade cooperation, the promotion of sectoral dialogues and support for higher education.

The EU makes a similar distinction in its assistance to Asian countries. Regional poverty levels have diminished throughout the last decade thanks mainly to the continued economic growth of the largest Asian countries. Stimulus programmes in China, Japan, South Korea and ASEAN countries managed to preserve positive growth rates in most of Asia. Yet a large number of people working in export industries remain vulnerable, because western markets have stagnated during the global financial crisis. It remains to be seen however whether these stimulus programmes created sustainable growth or mostly contributed to new speculative bubbles through excess liquidity.

The Asian countries which are less integrated into world markets have weathered the global crisis of 2008-2009 surprisingly well, and many have benefited from a decline in the price of food, raw material and energy. In countries with high population growth, like Pakistan, Bangladesh, the Philippines and Nepal, however, their limited economic expansion was fully offset by the unsustainable increase in population numbers.

With regard to South Africa, high levels of poverty and inequality persist. EU cooperation is focused on employment creation and capacity development for service delivery and social cohesion, with a number of programmes focusing also on governance as well as regional and pan-African support.

All countries in the ENPI eastern region are now classified as MICs. While poverty in the region has been reduced, significant social inequalities and exclusion persist. Introducing ENPI and increasing assistance in the form of sector budget support added to the efficiency of EU assistance. The southern Mediterranean region is also affected by poverty, and 2009 was marred in several areas by social unrest. In some countries with particularly high poverty levels, ENPI assistance focused accordingly on developing the basic social infrastructure.

## 1.10. Sectoral policy developments

### • Human development

In the area of human development, health, education and gender equality as core MDG areas were the focus of attention in 2009, with extensive preparations carried out by the Commission through policy or staff working documents in each field. These policies will inform the EU's debate on MDGs and feed into the EU contribution to the UN's MDG Review summit in September 2010.

The report "Progress on the European programme for action to confront **HIV/AIDS, Malaria and Tuberculosis** through External Action (2007-2011)" adopted in May 2009<sup>28</sup> and subsequent Council Conclusions in November<sup>29</sup> call for stronger, more effective and more concerted efforts by the Commission and EU Member States in confronting the three diseases. In this context, three EU action teams led by the UK, France and the Commission respectively have been launched to foster concerted action. Based on consultation with Member States and other stakeholders, the Commission will prepare a geographically comprehensive European programme for action to confront HIV/AIDS, malaria and tuberculosis through external action for 2012 and beyond.

As a board member of the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) and one of its main financial contributors (€872.5 million from 2002 to 2009), the Commission continued to play an active role, advocating better internal and external coordination, stronger involvement in local processes, and a more aligned and harmonised approach. The Commission issued guidelines for EU Delegations on GFATM country processes and on their involvement in these processes in consultation with Member States representations, as recommended by the European Court of Auditors. In October 2009, the Commission organised the first Commission-GFATM partnership meeting to discuss the outcomes of the evaluation of the GFATM.

In 2009, the Commission, together with Australia and the UK, was elected to represent donors in the new management board of the International Health Partnership (IHP) in which the Commission has been involved since its inception in

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<sup>28</sup> SEC(2009)748 final of 29.5.2009

<sup>29</sup> 16076/09, 19 November 2009

2007. This partnership aims at strengthening health systems through joint work at country level under one health plan, one budget and one monitoring framework. The Commission also became actively involved in 2009 in the governance of the Global Alliance for Vaccines and Immunisation (GAVI), through its participation in GAVI's programme and policy committee.

In the **Education** for All (EFA) – Fast Track Initiative (FTI), the Commission contributed substantially to work on evaluation, replenishment and optimisation of the Initiative's fund structure and operating modalities. The Commission as a permanent member of the FTI board since July 2009 will reinforce the country focus of the initiative as a platform for better aid effectiveness and catering better for the needs of fragile states. In June 2009, the Commission was elected co-chair with Indonesia of the International Task Force for Teachers for EFA. The task force is a voluntary global alliance of EFA partners working to address teacher needs – in terms of policies, capacities and financing – through cooperation, both South-South and North-South. The Commission secured funding to support, along with Germany, France, Norway and Indonesia, the task force's secretariat and its first two years of activities. The Commission also reinforced contacts with the Association for the Development of Education in Africa to promote political dialogue in education between donors and African partners.

In the G8 framework, the Commission participated in the *G8 experts groups in health and education*. Reports of the groups widened the scope of G8 concerns on addressing system issues and comprehensive sector approaches and highlighting the need to focus on the most vulnerable.

On **gender equality**, the EU Member States and the Commission supported an international colloquium on "Women's empowerment, leadership, development, international peace and security" in Liberia in March 2009. The colloquium adopted the "Monrovia Declaration" which addresses major issues such as the implementation of UN Security Council resolution 1325, women's representation in politics, climate change and migration.

A set of actions and priorities were adopted at the second ministerial conference on gender equality within the Euro-Mediterranean Partnership which took place in Morocco in November 2009.

The Commission has been at the forefront of efforts to link the gender equality and aid effectiveness agendas. The *Commission/UN Partnership on Gender Equality for Development and Peace* has produced significant findings on aid effectiveness and gender equality in 12 pilot countries through mapping and supporting in-country and regional capacities to link the two. The European Commission / UNIFEM programme on integrating gender-responsive budgeting into the aid effectiveness agenda, has also been a valuable resource for generating knowledge in this area.

In April 2009 in Brussels, the Commission organised an international colloquium on **Culture** and Creativity as vectors for development. More than 800 people from 65 ACP and EU states took part including political decision makers, senior officials, artists and cultural professionals, as well as representatives of civil society and the media. The colloquium resulted in a "Brussels Declaration" with recommendations to improve market access for cultural goods and services from the South, to improve

the cultural sector's governance in developing countries, and to strengthen the cultural partnership and dialogue with the EU. The colloquium has given culture a more prominent place in the Commission's development strategies.

Specific attention to culture in development will continue in 2010, particularly on improving access to regional and international markets for the cultural industries of developing countries and on enforcing the cultural dimension of development at all levels of EU external cooperation. As a follow up to the recommendations adopted at the Brussels colloquium, the Spanish Presidency was to organise an international seminar on culture and development in May 2010, in Gerona, Spain in collaboration with the Commission.

The Commission launched in 2009 a mid-term review of the thematic programme for human and social development "Investing in People". The review process will be completed in 2010 when the Commission will also adopt a multiannual indicative programme for 2011-2013.

In 2010, the Commission will also continue to be actively involved in the Global Fund to fight AIDS, Tuberculosis and Malaria, the International Health Partnership, the Global Alliance for Vaccines and Immunization, the Education for All Fast Track Initiative and the International Task Force for Teachers For EFA.

- **Environment, climate change, natural resources**

The adoption of the Joint ACP-EU Declaration on Climate Change and Development by the ACP-EU Council of Ministers in May provided a constructive signal ahead of the Copenhagen climate conference of December 2009. At the same time, under the second pillar of the Global Climate Change Alliance, concrete cooperation on climate adaptation was to be stepped up with several target countries, including Bangladesh, Cambodia, the Maldives, Mauritius, Rwanda, Senegal, the Seychelles, Tanzania, and Vanuatu. Together with the Swedish EU Presidency, the Commission prepared a paper on climate change and development<sup>30</sup>. The paper builds on the work of the International Commission on Climate Change and Development and the Commission Communication on *Stepping up international climate finance: A European blueprint for the Copenhagen deal*. The paper takes a mid-term and long-term perspective, going beyond the Copenhagen Conference (December 2009) to highlight the importance of developing policies and strategies to cope with the climate change challenge in the most vulnerable developing countries. It provides guidance on how the EU can best support adaptation and mitigation in those developing countries and improve its development cooperation approaches and practices.

**Adaptation to climate change** and the move towards low-carbon growth will mean rethinking development strategies. The paper draws attention to the principles, objectives and modalities as well as the required additional finance for encouraging donors and partner countries to invest effectively and sustainably in adapting to climate change, while moving towards low-carbon development. The paper encourages the EU and its Member States to contribute their fair share of public

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<sup>30</sup> SEC/2009/1426

financing for adaptation and mitigation and in particular to fast-start financing to support a sound climate agreement.

The Council adopted its Conclusions on Climate Change and Development on 17 November 2009 providing a strong development signal for the preparation of the Copenhagen Conference.

In line with its commitment to pay its fair share of climate finance, the European Council of 10 December 2009 announced a contribution to fast-start climate funding of €2.4 billion annually for the years 2010 to 2012. This funding will include support for adaptation, mitigation including forestry, and capacity building. A sizeable share of these funds must go to the Least Developed Countries, Small Islands Developing States and Africa.

One important dimension to increase resilience to the effects of climate change is disaster risk reduction (DRR). While natural disasters are not only climate or weather related, the incidence of climate-induced disasters has increased rapidly over the past decades. After broad consultations with Member States, the Commission's services finalised a Communication in February 2009 on *EU Strategy for supporting disaster risk reduction in developing countries*<sup>31</sup>. The overall objective is to reduce the burden of disasters on the poor and the most vulnerable countries and population groups, by means of improved DRR.

In the second part of 2009, the Commission began preparing the implementation plan for the Strategy, to be ready by summer 2010. The Commission's services together with the ACP Secretariat also worked on the preparation of the implementation of the disaster risk reduction component of the 10th Intra-ACP cooperation (€180 million for the period 2008-2013), which will become operational during 2010.

The EU continues to lead global efforts in combating **illegal logging** through the Forest Law Enforcement and Governance (FLEGT) Action Plan and particularly through the development of targeted bilateral agreements with timber producing countries known as FLEGT Voluntary Partnership Agreements (VPAs).

The first bilateral VPA was agreed with Ghana in September 2008 and ratified in November 2009. During 2009 negotiations were completed with Congo (Brazzaville) and Cameroon (ratification processes are underway). Negotiations are ongoing or in preparation with several other countries notably Central African Republic, Equatorial Guinea, Gabon, Indonesia, Ivory Coast, Liberia, Malaysia, Madagascar and Sierra Leone.

The FLEGT initiative helps to tackle illegal logging at source and strengthen those countries' efforts to regulate and enforce the rule of law. By improving forest governance, FLEGT also contributes to reducing deforestation, which in turn reduces emissions from deforestation and forest degradation.

- **Energy**

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<sup>31</sup> COM(2009) 84 final

The EU is engaged in several major initiatives to support the provision of adequate, affordable and sustainable energy services in developing countries, most notably by means of the EU energy initiative for poverty eradication and sustainable development and the EU–Africa Energy Partnership.

The EU-Africa Energy Partnership aims to mobilise increased financial, technical and human resources in support of Africa's energy development, scaling up investments in energy infrastructure and energy interconnections within Africa and between Africa and the EU. It includes promotion of improved management, and the mainstreaming of climate change into development cooperation.

A number of African countries have chosen energy as a focal sector of their national indicative programmes under the 10<sup>th</sup> EDF. Programmes supported include rural electrification in Tanzania, renewable energy in Burundi and Burkina Faso, improved electrification in Sierra Leone and hydropower in Guinea-Bissau.

The increased role of energy in national programmes is being facilitated by the Partnership Dialogue Facility, a flexible and demand-driven EU programme. The Global Gas Flaring Initiative (GGFI) and the Global Energy Efficiency and Renewable Energy Fund (GEEREF) are also being supported.

At the regional level, the EU-Africa Infrastructure Trust Fund (ITF) will receive an additional €200 million. The flow of new projects will benefit from the Programme for Infrastructure Development in Africa initiated by the African Union Commission and implemented by the African Development Bank.

The ACP-EU Energy Facility, which targets local access to energy and focuses on renewable energy, will receive a further €200 million, plus possible Member State contributions. The Energy Facility has supported more than 70 projects for increased access, reaching out to more than six million people. The new funding is expected to support projects in Sub-Saharan Africa aimed at increased access to modern energy services in rural and peri-urban areas, focusing on renewable sources of energy and energy efficiency.

- **Research**

Following the Communication adopted in 2008<sup>32</sup> on the international dimension of the European Research Area, a Strategic Forum for International S&T Cooperation was created in 2009. This high-level group, comprising representatives from Member States and the Commission, adopted a work programme for 2009-2010.

Throughout the year, work continued within the framework of the S&T cooperation agreements with Egypt, Morocco, Tunisia and the Ukraine among neighbourhood countries as well as with Argentina, Brazil, Chile, Mexico, China, India and South Africa.

The EU's Seventh R&D Framework Programme (FP7) offers new opportunities for cooperation with research centres in neighbourhood countries who are not associated with FP7 through the ERA-WIDE call for proposals. This call, issued in July 2009,

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<sup>32</sup> COM/2008)588 final of 24 Sept 2008

offered €7.5 million of EU funding for proposals to cover networking activities, training modules and development of research centres. It is expected that a second ERA-WIDE call will be issued in 2010.

Aggregate data as of December 2009 show that a total of 2 256 applications from 120 third countries had been selected for EU funding under FP7 which runs from 2007 to 2013. With approximately 500 successful participations, Africa (Sub-Sahara & North Africa) equalled the share of projects involving non-EU industrialised countries. Asia comes close behind with about 430 successful participations followed by Latin America with 330.

For further details → **Chapter 2**

### **1.11. Outlook 2010**

The global economic situation is starting to show signs of stabilisation. Confidence is increasing, thanks essentially to the strong performance of Asian economies, together with evidence of stabilisation and modest recovery elsewhere, including in a number of EU Member States. Forecasts suggest a weak recovery in 2010, followed by a return to stronger growth in 2011. But uncertainties and fragilities remain, with the employment and social situation expected to deteriorate further in 2010. The poorest countries are likely to lag behind in the recovery process. Throughout 2010, the European Commission will monitor closely, in partnership with international institutions, the evolution of the socio-economic situation in its developing partners. Short-term support under the EU Food Facility and the V-FLEX will continue to help the most vulnerable cope with the effects of external economic shocks.

Overall progress has been made over the last few years on various MDG targets and indicators. However this progress is uneven and some countries and regions, especially in Sub-Saharan Africa, have fallen behind. Besides, the prospects for sustained progress look increasingly bleak because of the global economic crisis, combined with the impact of climate change and the effects of previous food and fuel shocks. As a year when a number of intermediary MDG targets or milestones have been set for MDG targets (EU Agenda for Action on the MDGs) and for ODA (volume and aid effectiveness), 2010 will be the "year of accountability". In view of the UN High Level Plenary meeting on MDGs in September 2010, the European Commission proposes a comprehensive approach on how to accelerate progress towards the MDGs by 2015 and how to consolidate the gains that will have been achieved in order to make them sustainable. Several policy initiatives, including a Communication on cooperating with developing countries on promoting good governance in tax matters and a review of thematic policies in the field of health, education, gender and food security, will feed the preparation of the EU position and proposals for the UN event.

Looking at global partnerships, the Commission will strengthen its cooperation both with traditional donors and emerging powers. It will strengthen cooperation with the US via the EU-US dialogue on development, which was re-launched at the November 2009 EU-US Summit, focusing on food security, climate change and the MDGs. It will also establish a dialogue on development with Japan as agreed at the May 2009 EU-Japan Summit. Closer cooperation will also be established with South Korea as it increases its ODA and becomes the first ex-aid recipient to join the



DAC. Following the November 2009 EU-China summit, the Commission will pursue efforts to implement EU-China-Africa trilateral cooperation. The Commission will also establish a work programme on trilateral cooperation with Brazil, as agreed at the October 2009 summit. Finally, the newly established South African Development Partnership Agency should provide a platform for the Commission to engage South Africa in its enhanced development cooperation activity on the continent.

After the Commission obtained a negotiation mandate from the Council for the second revision of the Cotonou Agreement, negotiations were officially launched by the Joint Council in May 2009. The Commission as lead negotiator committed to conclude them in March 2010. The signature of the Amending Agreement is foreseen at the Joint Council at the end of June 2010 in Ouagadougou.

The highlight of 2010 will be the third Africa-EU Summit in November. Three years after the launch of the Africa-EU Strategic Partnership in Lisbon, European and African heads of state and government will review progress in implementing the joint strategy, and discuss the continental and global challenges that require enhanced cooperation between the two continents. Parliaments, civil society, private sector and other interested stakeholders will also be associated with this high-level political event.

On environment and climate change, 2010 will be marked by the follow-up to the Copenhagen Conference. This includes implementing the EU commitment to provide €2.4 billion fast-start funding annually to developing countries from 2010 to 2012 for adaptation to the adverse impacts of climate change, focusing on mitigation, capacity building, and technology cooperation. Adaptation funding goes as a priority to the most vulnerable countries such as LDCs, small island states and Africa. Negotiations will continue in 2010 among international negotiators with the aim of concluding a legally-binding agreement as soon as possible and advancing towards the joint goal of mobilising \$100 billion by 2020. Policy dialogue in the context of the Global Climate Change Alliance will continue with the aim to consolidate a shared vision with the most vulnerable developing countries on climate change. New climate change adaptation projects will be funded under the GCCA framework. The Commission will also support climate change mitigation policies in developing countries, initiatives to reduce emissions from deforestation and forest degradation, and technology cooperation. These initiatives will be complemented by continued work on innovative sources of funding for development, including for climate change issues. To complement these efforts the Commission will implement the EU disaster risk reduction strategy adopted in 2009 and continue with the revision of its environmental integration strategy.

Policy Coherence for Development will stay high on the EU agenda. To put its commitments into practice the Commission will prepare a PCD work programme focussing on the five global challenges: trade and finance, climate change, global food security, migration and security. This work programme will outline how the EU through all its relevant policies, processes and financial means is concretely going to address each issue. The PCD work programme will function as a blueprint for the years 2010-2013 and guide efforts to make EU policies more coherent with development objectives.

On the research front, the second European Report on Development, to be published by the end of 2010, will look at inequality and social protection in developing countries, with a specific focus on low income countries, particularly in Sub-Saharan Africa. The need to build and/or reinforce social protection systems has mobilised a lot of political attention recently at country and international level because of the socio-economic impact of the financial and economic crisis.

## 2. IMPLEMENTATION

This chapter presents the EU's external assistance through six major implementation instruments:

- the European Neighbourhood and Partnership Instrument (ENPI),
- the European Development Fund (EDF),
- the Development Cooperation Instrument (DCI),
- the European Instrument for Democracy and Human Rights (EIDHR),
- the Instrument for Stability (IfS),
- the Instrument for Nuclear Safety Cooperation (INSC).

A section of this chapter is dedicated to humanitarian assistance<sup>33</sup>. This report does not cover the Instrument for Pre-Accession (IPA)<sup>34</sup> nor the Common Foreign and Security Policy<sup>35</sup> (CFSP).

The European Development Fund is the main source of financing for EU assistance to Sub-Saharan Africa (except South Africa), the Caribbean and the Pacific regions (ACP). The EDF is not part of the EU budget. External assistance to other geographic areas and the thematic programmes are financed from the EU's general budget.

Some figures and data are used to illustrate this chapter but detailed financial information can be found in Chapter 6.

### 2.1. European Neighbourhood and Partnership Instrument

#### 2.1.1. Introduction

The European Neighbourhood Policy (ENP) offers 16 of the EU's southern and eastern neighbours<sup>36</sup> a possibility for closer political association, enhanced trade and economic integration, greater mobility and assistance in sectoral reforms. The aim of the ENP, as set up in its strategic documents<sup>37</sup> is to build, together with partner countries, a prosperous, secure and stable neighbourhood on the basis of shared

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<sup>33</sup> The European Commission's Humanitarian assistance is covered in more detail by the annual report on humanitarian aid 2009 [http://ec.europa.eu/echo/media/publications/annual\\_reports\\_en.htm](http://ec.europa.eu/echo/media/publications/annual_reports_en.htm)

<sup>34</sup> For more information on the IPA: [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession_en.htm)

<sup>35</sup> For more information on CFSP: [http://ec.europa.eu/external\\_relations/cfsp/intro/index.htm](http://ec.europa.eu/external_relations/cfsp/intro/index.htm)

<sup>36</sup> Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine.

<sup>37</sup> COM(2004) 373, COM(2006)726 and COM(2007) 774 as well as the ENPI Regulation (EC Regulation No 1638/2006).

values and common interests, promoting greater prosperity, stability and security for all parties.

The EU has concluded Association Agreements (AA) or Partnership and Cooperation Agreements (PCA) with most ENP countries (13 out of 16). In October 2009, the EU invited Syria to sign an AA. Negotiations on a framework agreement with Libya progressed throughout the year. The EU also wishes to see Belarus take its place as a fully fledged participant in the ENP once political reforms are implemented and basic freedoms effectively granted.

With the eastern neighbours, following the substantial upgrade of relations within the newly created Eastern Partnership (EaP), new AAs will gradually replace existing PCAs. The negotiations on a new Association Agreement with Ukraine should be finalised in 2010, while an ambitious association agenda, was already adopted at the end of 2009. Negotiations on an AA with Moldova are also underway while the negotiating directives with three South Caucasus countries are being discussed in the Council.

The EU and 12 ENP partners have jointly agreed ENP Action Plans (or similar documents) with ambitious cooperation objectives, ranging from political and security issues, to economics and trade, common environmental concerns, integration of transport and energy networks, scientific and cultural cooperation, people-to-people activities etc. According to the Commission's Communication on the ENP adopted in April 2009<sup>38</sup>, significant progress was made in several key areas of ENP cooperation, particularly in the economic field despite an overall difficult environment. Nevertheless the pace of reforms slowed down, particularly in democratic reforms and human rights standards.

The distinct relationship between the EU and the Russian Federation is developed through the wide-ranging strategic partnership, different from the ENP, implemented through its four 'Common Spaces' and roadmaps.

Four dimensions of EU-Russia cooperation

1. The Common Economic Space, covering economic issues and the environment;
2. The Common Space of Freedom, Security and Justice;
3. The Common Space of External Security, including crisis management and non-proliferation;
4. The Common Space of Research and Education, including cultural aspects.

[http://ec.europa.eu/external\\_relations/russia/common\\_spaces/index\\_en.htm](http://ec.europa.eu/external_relations/russia/common_spaces/index_en.htm)

The negotiations for a new overall EU-Russia agreement are ongoing. This new agreement will provide a comprehensive framework for bilateral relations. During the EU-Russia summit in Stockholm in November 2009, the financing agreements

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<sup>38</sup> Commission Communication on the Implementation of the European Neighbourhood Policy in 2008 - COM(2009) 188/3.

for five cross-border cooperation programmes on the common EU-Russia border were signed.

Besides reinforcing bilateral relations through the neighbourhood policy, the EU also actively promotes regional and multilateral cooperation through initiatives such as the Union for the Mediterranean, the Eastern Partnership, the Black Sea Synergy, and the Northern Dimension.

Activities and meetings of the Union for the Mediterranean (UfM) were suspended after the January 2009 Gaza crisis. A gradual resumption of work took place during the second half of the year with meetings on economic and financial affairs, the role of women in society and sustainable development. The Commission earmarked €70 million in 2009 for UfM project priorities – an environmental programme to help depollute the Mediterranean, the launching of a Mediterranean solar plan, the development of a concept for motorways of the sea, as well as setting up a mechanism for coordination of civil protection authorities around the Mediterranean.

Following the launch of the Eastern Partnership (EaP) in Prague in May 2009, the four multilateral thematic platforms were the object of several meetings, including one at ministerial level in December. The EaP Civil Society Forum was organised in Brussels in November 2009. The first EaP flagship initiatives were launched at the end of 2009 such as the integrated border management in the “Prevention of, preparedness for, and response to natural and man-made disasters”. Other flagships will follow (e.g. the energy efficiency initiative).

The Black Sea Synergy has established its first sector partnerships in the fields of environment, transport and energy. The Northern Dimension is a framework for cooperation between the EU, Iceland, Norway and Russia. A senior officials meeting was held in Stockholm in November 2009, establishing further partnerships in the areas of transportation and culture on top of the existing environmental partnership.

The EU cooperation agenda with all ENP countries and Russia is funded through the European Neighbourhood and Partnership Instrument (ENPI). The ENPI supports a wide range of cooperation activities through 15 country programmes, three multi-country programmes<sup>39</sup>, and its cross-border cooperation component<sup>40</sup>. It also provides the bulk of EU financial support to the Palestinian Authority. In 2009, the ENPI programming documents were subject to a mid-term review process which led to the preparation of the new country and multi-country Indicative Programmes for the period 2011-2013.

The Neighbourhood Investment Facility (NIF), financed under the ENPI inter-regional programme, reached cruising speed in 2009. During 2008-2009 the NIF supported 25 projects in transport, environment, and energy as well as social and private sectors with NIF grants totalling €170 million. This helped to mobilise €7.35 billion of investment from international financial institutions. For further details → 2.1.4

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<sup>39</sup> Regional East supporting the Eastern Partnership, Regional South supporting the Union for the Mediterranean and the Inter-Regional.

<sup>40</sup> 13 CBC programmes are adopted and their implementation ongoing.

### 2.1.2. *Aid effectiveness and donor coordination*

In Armenia and Azerbaijan, where full EU Delegations were opened in 2008, the deconcentration process was completed in the course of 2009. This improves the possibilities for donor coordination and aid effectiveness.

In line with the spirit of the 2008 Paris Declaration, more than 50% of aid to Georgia has been channelled through country systems. The EU Delegation in Georgia has been coordinating with all major donors to harmonise aid delivery. Following the October 2008 donors' conference, a joint working group comprising the Commission, IMF, WB and UN agencies was established in 2009 to follow-up on post-conflict activities and to draw up a "joint needs assessment". The implementation of activities foreseen in this document has been the object of regular reports from the WB in collaboration with the EU and UN agencies.

In Moldova, the Commission continued to be an active player concerning donor coordination and aid effectiveness. The EU Delegation participated in relevant donor initiatives and held the vice-chair in the social donors working group with the Moldovan social minister during most of the year. It was also active in health sector coordination. Moreover the Delegation also participated in drawing up a new code of conduct for donors in Moldova, an initiative led by the United Nations.

Concerning Ukraine, the donor-government working group mechanism for each main sector, established as part of Ukraine's coordination commitment under the Paris Declaration, was still in place throughout 2009. However, its functioning may have been occasionally impaired by the political instability in the country, particularly in the second half of 2009. The cabinet-level bureau of European and Euro-Atlantic integration originally established to improve dialogue and coordination has failed to meet some of the original expectations. In the framework of the joint cooperation initiative for Crimea, the Commission and the Member States have been effectively conducting joint missions and agreed on the division of labour for implementation of assistance.

In most countries of the ENPI South region, only a limited number of donors are present. A notable exception is the occupied Palestinian territory, where many Member States are active and where considerable Member States' funds are channelled through the PEGASE instrument. Donor coordination efforts and the promotion of aid effectiveness assume therefore particular importance there. Responding to this particular situation, a division of labour has been established between leading donors, along with agreed sector strategy papers to guide donors. The preparation of an EU local aid coordination *vade mecum* has strengthened EU coordination.

In most other countries of the ENPI-South region, aid coordination takes place through thematic groups, with the EU Delegation taking a leading coordination role in many of them. Thematic groups are established around such themes as economic and social development, governance etc. The ENP action plans are increasingly the object of coordination between Member States and the EU Delegations.

One way in which funds are being channelled via country systems is through budget support which is used to support reforms in the region. This modality to support

reforms is already in action in Armenia, Azerbaijan, Georgia, Moldova and Ukraine in the ENPI East region; and in Egypt, Jordan, Morocco, and Tunisia, in the ENPI South region. Discussions and analysis is ongoing with the aim of extending its use to additional countries, notably Algeria, Lebanon and Syria.

### 2.1.3. *Working towards the MDGs*

The UN's MDG Monitor<sup>41</sup> shows that most countries in the EU's southern neighbourhood region are on track to achieve the MDGs by 2015. Nevertheless major challenges remain particularly in the area of access to education (MDG 2) and literacy and gender (MDG 3). A large part of ENPI resources are devoted to social purposes. In Egypt, Jordan Morocco and Algeria, *inter alia*, programmes in the education sector aim to increase the access of young people to primary education. In the area of health, reduction of child mortality and improvement of maternal health are key targets of EU support. Examples of cooperation in this sector include support for health sector reforms in Algeria and Syria. In the occupied Palestinian territory (oPt), the EU works to improve the quality of teaching via UNESCO and supports a general fund of UNRWA for education, health and social protection services for Palestinian refugees. Through the PEGASE mechanism, disbursements are made to vulnerable Palestinian families, targeting particularly maternal health. Examples of efforts to work towards environmental sustainability include support for improvement of waste-water services and sanitation in Algeria, Egypt and the oPt, and the reduction of sanitary risks and pollution in Tunisia. Furthermore, a big number of programmes aim directly or indirectly at poverty reduction, such as those promoting local socio-economic development and activities of civil society to reduce poverty in Algeria.

In the eastern neighbourhood region too, continuous progress towards achieving the MDGs can also be observed. In Moldova, a new social assistance system was implemented in 2009. This means that a large number of poor Moldovan citizens receive a cash-benefit support, which has an important anti-poverty effect, especially for rural families with many children and for the elderly urban poor (MDG 1). In Armenia, the 2007 sector budget support programme for vocational education and training, supporting the country's poverty reduction strategy and boosting job creation, was implemented. In Ukraine a major project focusing on gender equality (MDG 3) and children's rights was successfully implemented in 2009, along with other projects addressing environmental stability (MDG 7) and healthcare issues (MDG 4-5).

### 2.1.4. *Implementation*

The European Neighbourhood and Partnership Instrument entered its third year in 2009 and implementation is now well underway. From the 2009 EU budget, a total of €1.6 billion was committed for the EU's 17 eastern and southern neighbours and the respective Annual Action Programmes (AAPs) were adopted for all of them.

Budget support continues to be an important modality for implementing bilateral cooperation to support reforms in the ENPI region. It accounted for broadly 69% of all bilateral support in 2009. Total budget support commitments in 2009 for the ENPI

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<sup>41</sup> <http://www.mdgmonitor.org/>

region amounted to €97 million with €55 million committed to ENPI South countries and €42 million committed to ENPI East countries. For disbursements, totals amounted to €71 million, with €57 million going to ENPI South and €14 million to ENPI East countries.

Dialogue and support for public financial management (PMF) reforms continue across the region with the public expenditure and financial accountability (PEFA) diagnostic having been completed or started in 2009 in Egypt, Morocco and Tunisia. Plans have been made to update the PEFA in Jordan, Georgia and Moldova and to undertake the process in Syria and Algeria.

In the ENPI region most programmes are sector-based and aim to support reforms in health, education, vocational training and water, as well as the increasingly relevant sectors of transport, energy, justice and environment. All programmes are advancing well with delays in only two cases. In Ukraine, the first sector support on energy was held up due mainly to the difficult implementation of the Stand-By Arrangement with the IMF in the course of 2009. In Azerbaijan, the delay was largely due to updated budgetary procedures and inter-ministerial coordination. These programmes contribute to a strengthening of the policy dialogue with partner countries, including in the area of public finances which is facilitated by the PEFA diagnostic tool.

Regarding Armenia, the sector budget support programme on justice reform began in late 2009, focusing on five different areas including effectiveness and accessibility of justice. The programme aims at restoring the trust of the population in the courts and judges, and improving the quality of justice in the country. Further support was provided through the ongoing food security programme which aims to increase the quality of the child care protection system by, among others, helping parents to nourish their children. Moreover, the Commission has supported the development of civil society and NGOs in Armenia, while further projects focused on the environment, nuclear safety and migration. With the adoption of the AAP 2009 for Armenia, support went to vocational education and training and institutional Twinning projects.

In Azerbaijan, the 2007 sector programme on energy started after a delay (see above) in 2009 but several activities had been already implemented, especially in the areas of renewable energy and energy efficiency. This includes the setting up of an Agency for Renewable Energies in the country. The AAP 2009 will contribute to the development of agricultural and rural areas. After only one year of Twinning operations, Azerbaijan has already an extensive range of Twinning projects, including six ongoing projects on trade, agriculture, justice and home affairs, with ten others ready to be launched in 2010. These projects cover a broad range of sectors agreed in the Action Plan such as veterinary control, social protection and public finance. They also support the Ombudsman's office and the promotion of rights of vulnerable women and children.

With the adoption of the AAP 2009 for Belarus, the Commission focuses on improving the quality of infrastructure in the country and on norms and standards for food safety. The budget of the 2009 AAP was increased from €5 million to €10 million in response to the positive developments acknowledged by the Council of the European Union in late 2008. Assistance to Belarus in 2009 included support to young Belarusians in higher education, especially those Belarusian students enrolled

at the European Humanities University which, for political reasons, is located in Vilnius, Lithuania.

In Georgia, sector budget support continued with the PFM reform programme and with support to the justice sector and to food security. In these sectors, positive developments in 2009 included improvements in the penal system as well as in the national accounting system and the strengthening of the revenue service. The Commission has also followed up its post-crisis 2008 pledge and supported measures in favour of internally displaced persons (IDPs). These included the construction of 1 263 new houses (and related basic services), the rehabilitation (ongoing or completed) of 285 collective centres for IDPs and of water supply systems. Three Twinning projects in the transport, education and cultural domains have been ongoing throughout 2009. The list of projects is growing, covering new sectors such as trade, environment and border control.

#### **Case study: Supporting tax administration reforms in Georgia**

For more than five years, the EU has contributed to the dramatic improvement of tax administration in Georgia. Using so-called 'fiscal blueprints', the project has contributed to aligning the Georgian tax administration with its EU counterparts in terms of overall management, efficiency and transparency. As growth in Georgia is largely dependant on foreign investment, the legislative framework for corporate taxes was streamlined to facilitate business operations for foreign companies in the country. The project has also helped to develop a taxpayer service culture within the tax administration. A pocket guide and explanatory leaflets on various aspects of the tax code are regularly published in Georgian and English. In May 2009, a call centre for taxpayers was inaugurated.

Independent surveys showed a significant increase in taxpayers' satisfaction with the revenue department's services.

Concerning Moldova, programmes supported reforms in social assistance, health and water. For example, the connection of the Moldovan citizens to safe drinking water and sanitation infrastructure was improved in line with relevant EU standards. On Twinning, one project on penal reform is currently ongoing while three others projects were launched during 2009, addressing the areas of competition, intellectual property rights and public procurement. In the AAP 2009 for Moldova, further support was foreseen for Twinning projects as well as projects in the water sector.

In the case of Russia, the ENPI cross-border cooperation (CBC) programme and bilateral projects within the agreed four common spaces were the main areas of financial cooperation in 2009. In higher education, support went to the development of the European Studies Institute and to the establishment of EU Centres to promote greater knowledge of the process of EU integration. Furthermore, the Tempus and Erasmus Mundus instruments supported cooperation and exchanges. The Kaliningrad region remained a main focus of assistance and a major project started to assist the regional government with public administration reform. Moreover, support was also granted to the institution building partnership programme and through TAIEX.

In Ukraine, policy dialogue was further enhanced on transport, environment and border management with a view to preparing further sector reform operations. Dialogue on a sector-wide approach to judiciary reform has continued with formal endorsement from major stakeholders. Ukraine remains the front-runner in the region



for the number of Twinning projects, with 23 in different phases of implementation. The AAP 2009 for Ukraine covers support for the implementation of an environmental and a transport strategy.

In the **Southern ENPI countries**, the main focus was on economic diversification and support for investments and competitiveness, as well as reforms in health, education, environment and public administration. A substantial proportion of this cooperation took the form of sector budget support. In several countries, new resources were made available to support the implementation of their Association Agreement and Action Plans, mainly through Twinning projects.

The EU stepped up support for young people in Algeria in 2009, by launching two projects on higher education and employment. In particular, these projects support the government's reform strategies in tackling unemployment and modernising Algeria's university system. In addition, the first two Twinning projects in the fields of finance and standards & norms were launched.

Cooperation with Egypt built upon earlier support for the health sector, with an increased focus on better access to high-quality primary health care, in particular for the poor, covering infrastructure, accreditation and training for primary health care centres and staff. The EU supports the Egyptian rural development strategy which seeks to raise the incomes of rural farmers while focussing upon environmental sustainability. In Egypt, as well as in Tunisia and Jordan, the EU finances research, development and innovation. Egypt is one of the most active users in the region of the Twinning instrument, with 13 projects terminated or under implementation and about 20 in the pipeline.

#### **Case study: Helping children at risk in Egypt**

In Egypt, the Children at Risk programme aims to improve the lives of children identified as particularly vulnerable or marginalised by society such as street children, and children who are working or disabled. Girls without access to education and who are at risk of female genital mutilation (FGM) also benefited from the programme. With a budget of €19.9 million, the programme was successful in raising awareness of FGM and disability, and it has increased the capacity of participating NGOs to deliver services to children in need. It also led to improved dialogue between government ministries and the non-governmental sector involved in child protection issues.

The Children at Risk programme also contributed to improvements to the Child Law and a national campaign to combat the practice of female genital mutilation. 191 schools were completed and equipped to provide education to around 30 000 girls. 14 NGOs and 70 community development associations now offer advice and support to vulnerable children. In addition four reception centres have been created to provide services to street children, who now have health insurance cards. Working children have also been withdrawn from hazardous occupations and have received vocational training.

In Israel, the focus of cooperation was on promoting the approximation of Israeli norms and standards to those of the EU through the Twinning tool, with two projects underway in data protection and urban transport. Two further Twinning projects on equal opportunities and veterinary health were selected and implementation will begin in 2010.

Support for Jordan focused on a broad programme to improve the match between the needs of the market and the professional training provided in the country. This was complemented by a programme to train professionals and study technical solutions for the production of renewable energies. The implementation of the Association Agreement continues to be supported through the Twinning instrument.

During 2009, the EU supported Lebanese reform priorities, with special emphasis on trade, education and public finance. Capacity building was provided to the public sector and civil society to reinforce the protection of human rights and democracy, and to improve the access of young Palestinian refugees to the labour market through academic studies at Lebanese higher education institutions. The ongoing de-mining efforts were supported. In 2009, Lebanese administrations resumed Twinning operations, with one new project in the area of VAT initiated and another to be launched in 2010.

In Libya, the EU remains active in the field of health and HIV/AIDS. The fifth phase of the Benghazi action plan assists the Benghazi hospital in providing appropriate medical and psychological care to 400 children infected by HIV and their families. The EU also supports the development and implementation of a National HIV/AIDS Strategy in Libya.

The 2009 programme for Morocco focused on access to quality education, especially targeting women and people in remote rural areas, and the protection of the environment, through supporting the set-up of industrial water sanitation infrastructures and reinforcing the related institutional framework. In line with the advanced status granted to Morocco, this country is very active in the use of Twinning, boosting legal approximation to the EU body of law (*acquis communautaire*) and standards.

The substantial aid provided to the occupied Palestinian territory (€17 million in 2009) was channelled mainly through the PEGASE mechanism, covering the recurrent expenditures of the Palestinian Authority, as well as technical assistance and equipment in key sectors for the Palestinian Reform and Development Plan and public infrastructure development. Included in this assistance was the re-launch of private-sector businesses in Gaza following the destruction caused by "Operation Cast Lead". Support for Palestinian institutions in East Jerusalem was increased, covering the health, education and social sectors. The Commission also continued to support UNRWA<sup>42</sup>.

In Syria, support for the reform of the health sector continued, with an emphasis on the establishment of a health insurance scheme. The transition to a social market economy in Syria involves socially painful measures, and the EU is assisting Syria in the design of poverty alleviation and welfare policies to offset the negative effects. A programme on decentralisation of urban development to municipalities is also promoting social cohesion and poverty reduction in the country. In 2009, Syria expressed its interest in the Twinning instrument, which will probably start developing in the years to come.

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<sup>42</sup>

United Nation Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

As concerns Tunisia, the Commission continued its support for the creation of a competitive and innovative economy by measures including the development of scientific research to foster business innovation and support for the education sector to enhance employability of young people. The first phase of the programme supporting the implementation of the Association Agreement with the EU concluded with 19 Twinning projects, notably on trade-related issues.

### **Regional cooperation including the inter-regional dimension**

ENPI programmes for regional cooperation help foster dialogue and cooperation between countries on major issue of mutual interest. In 2009, more than 70 regional programmes were implemented in the Neighbourhood countries. They targeted key priorities: political dialogue, economic integration, mobility, culture, climate change, energy, transport, youth, gender and education. In the field of local governance, a pilot interregional programme was launched in 2009: sustainable urban development, CIUDAD. The goal is to help local governments address urban development problems in a sustainable manner.

The interregional dimension includes two institution-building instruments originally created for the process of EU enlargement: TAIEX<sup>43</sup> and SIGMA<sup>44</sup>, complementing the institutional Twinning instrument, implemented bilaterally. They are now boosting the approximation of local practices with relevant EU legislation and standards. The Neighbourhood Investment Facility (NIF) is one of the tools introduced in the framework of the ENP to strengthen EU support for the economic development of its neighbours. The NIF combines grants with loans provided by European finance institutions, to finance big infrastructure projects and support to small and medium enterprises (SMEs). The NIF has also proven to be a useful and successful tool to enhance cooperation among European finance institutions.

Erasmus Mundus II and Tempus IV are part of an overall strategy for promoting education and training in the EU partner countries. While Tempus IV aims at promoting voluntary convergence with EU developments in the field of higher education, Erasmus Mundus provides for student and staff mobility amongst participating institutions.

**Regional cooperation with the Mediterranean neighbours** in 2009 focused on improving environment, water management and the use of renewable energy through reforms and infrastructure investments. Awareness-raising is also a key component in these programmes. In the energy sector, issues such as energy market integration, renewable energy and energy efficiency remain key priorities. Support for the Euro-Arab gas market project was extended and the contribution to the EuroMed Energy Regulators (MEDREG) organisation was increased.

The Commission continued to support programmes that enhance the efficiency of transport connections and networks between the two shores of the Mediterranean. The launch of the "motorways of the sea" programme made a major contribution to this objective. Sea transport will enhance trade between the EU and its Mediterranean neighbours.

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<sup>43</sup> TAIEX, Technical Assistance and Information Exchange instrument.

<sup>44</sup> SIGMA, Support for Improvement in Governance and Management

### **Case study: Feasibility study for concentrated solar power plant (CSP) in Tunisia**

One of the main priorities of the Union for the Mediterranean is to develop sustainable sources of energy. Despite excellent natural conditions for the production of solar power in the region, solar energy projects suffer from limited access to finance due to the many risks and implicit high costs. For this reason, investments in CSP still need grant support in order to become financially viable. The Neighbourhood Investment Facility (NIF) is financing a feasibility study to assess the pre-requirements and implications of a new 20 MW CSP plant in Tunisia. Subject to a positive outcome of the study, the project, with an estimated total cost of between €90 million and €120 million, could be financed by loans from KfW, AFD and/or the EIB. Fully in line with the Mediterranean Solar Plan, the installation of a CSP plant in Tunisia would not only supply additional energy to meet increased domestic demand but also help solar power become an export product to the EU.

In the economic field, the Commission also finances technical assistance to strengthen FEMIP<sup>45</sup> operations in the Mediterranean region. A key operation financed in 2009 is the identification of a shortlist of "Hot Spots" that will receive full support through final development and implementation because they significantly contribute to reducing pollution in the region. In parallel, the Commission continues to delegate the management of risk capital operations to the European Investment Bank, with the objective of providing the private sector in beneficiary countries with financial instruments not available on local markets. Operations have been innovative, as for example a local currency microfinance operation in Egypt and a multi-sector investment fund working around industry specific investments.

The human dimension is at the centre of continuous efforts in favour of civil society (TRESMED programme), youth and gender equality. Mutual understanding and dialogue between cultures throughout the Mediterranean region is also enhanced through efforts to develop the value of cultural heritage. The 12 projects of the Euromed Heritage IV programme aim at creating new opportunities for people's awareness and recognition of their extraordinary common cultural heritage.

### **Case study: Guardians of water**

The use of water is at the heart of Mediterranean civilisation, a living reminder of society's relationship with its environment. Yet the heritage and tradition of water is under threat from economic development and demographic change. To face this threat, a project is working to mobilise local communities through activities that aim to restore water's heritage and raise awareness. Pilot schemes deal with mass tourism challenges (in Tunisia) or with urban water heritage (in Morocco). In Marrakesh, the scheme aims to involve inhabitants of the *medina* in preserving Turkish baths and fountains, with a 'heritage inventory', interactive workshops, renovation sites and an exhibition on the uses of water in the *medina*. This is also the aim of a series of educational programmes in all participating countries where young people work on the 'memories of water', such as the traditional profession of water carrier, or traditional drainage systems.

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<sup>45</sup> Facility for Euro-Mediterranean Investment and Partnership (FEMIP)  
<http://www.eib.org/projects/regions/med/index.htm>

The Middle East peace process projects accompany the Partnership for Peace initiative through strong support to local and international civil society initiatives that promote peace, tolerance and non-violence.

**Cooperation with eastern European neighbours** continued to focus on common challenges such as developing regional markets and infrastructure, management of cross-border water resources and the fight against terrorism. Regional programmes reflect priorities defined under the Baku Initiative for energy and transport, and tackle sustainable management of natural resources, as well as migration and border management.

In the field of energy, the INOGATE programme remains the most important vehicle. A new project to support energy market integration and sustainable energy was launched and will strengthen links between the countries' energy regulatory bodies.

In the transport sector, TRACECA (Transport Corridor Europe-Caucasus-Asia) launched five new projects in 2009. One will work on the logistic dimension of the transport network. Another will reinforce efforts to reduce marine pollution by focusing on safety and security of shipping in the Black and Caspian Seas.

Regional programmes function also as a forum for dialogue, bringing partner countries together on shared concerns. Georgia, Moldova, Russia and Ukraine joined forces to combat environmental damage to the Black Sea as part of an environmental collaboration project.

In support of the Eastern Partnership, the Neighbourhood Investment Facility (NIF) financed several key initiatives in 2009. In the field of energy and energy security, the NIF co-finances the establishment of an interconnection between the electricity supply systems of the southern Caucasus countries, Turkey and Europe. The electricity transmission network reinforcement in Ukraine improves energy security and reliability while also contributing to regional integration in the field of energy.

#### **Case study: Power transmission network reinforcement project in Ukraine**

In Ukraine, where most high-voltage networks were constructed in the 1960s, their deterioration has resulted in a general decline in reliability and quality of electricity transmission. Approximately 40% of the equipment has been in service for more than twice its normal operating life. The national grid company, NEP Ukrenergo, is seeking to address the situation. The Neighbourhood Investment Facility (NIF) has therefore awarded a grant of €10 million for technical assistance supporting several key investments financed by loans from the EBRD and the EIB (€400 million each). At a total cost of more than €1.1 billion, the reinforcement of the Ukrainian high voltage power network will focus on technical loss reduction, overall network reliability and stability improvement, as well as fulfilment of requirements for full synchronisation of the whole Ukrainian power network operation with the rest of Europe.

#### **Cross-border cooperation overview**

All 13 ENPI cross-border cooperation (CBC) programmes which were adopted by the Commission by the end of 2008 have now become operational<sup>46</sup>. Financing agreements have been signed between partner countries and the European Commission and the programmes have established their structures. In addition to the Baltic Sea region programme, ten programmes (Romania/Ukraine/Moldova; Hungary/Slovakia/Romania/Ukraine; Black Sea basin; Mediterranean Sea basin; Italy/Tunisia; Poland/Belarus/Ukraine; Latvia/Lithuania/Belarus; Kolarctic; Karelia; South-East Finland – Russia) have launched their first calls for proposals.

Seven calls have already been closed and more than 1 600 applications have been received for a total value of over €120 million. Most applications received concern economic and social development projects. Indicative actions range from reduction of water pollution and sustainable management of fisheries resources to improving waste management and developing renewable energy sources. Other priorities, approximately 20%-30%, focus on environment and people-to-people cooperation. This will include educational, social, cultural and scientific cooperation between civil society groups on both sides of the border. Project selection is ongoing, with the implementation of activities beginning in summer 2010.

The most advanced programme, the Baltic Sea Region one, is ready to launch a third call. Several projects target sustainable urban and regional development to enhance the competitiveness of Baltic Sea cities and regions at European level. Other projects concentrate on fostering innovation and address internal and external accessibility in the Baltic Sea region.

The Regional Capacity Building Initiative (RCBI) project assists potential beneficiaries and partners to participate in the programmes, an effort which is bearing fruit. At a programme level, the Interact ENPI supports institutions and bodies involved in the day-to-day management of the ENPI CBC programmes, such as joint monitoring committees, joint managing authorities or national contact points.

### 2.1.5. *Results*

In Moldova, the provision of new medical equipment for 100 primary health clinics and the refurbishment of several day-care centres for children and the elderly were carried out successfully as a result of EU funding. In the case of Azerbaijan, the Commission successfully supported the reform of the social protection system. In Georgia, Commission efforts were instrumental in providing support to several thousand internally displaced people.

In Algeria, support for civil society has strengthened the capacities of more than 130 small Algerian associations and 20 networks of associations active in social development. In Egypt, support for the national strategic plan for education has led to a reorganisation of the education system, including a new career structure for teachers, enhanced community participation, curricula reform, and increased access to pre-school education. Bilateral cooperation with Morocco helped support reforms in the key areas of education and energy. More than 300 000 people learned to read

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<sup>46</sup> The Baltic Sea Region Programme (BSR) was adopted already at the end of 2007. The two programmes Spain-Morocco and CBC Atlantic have not been submitted, hence not adopted.

in 2009, whereas the use of renewable energies, such as solar and wind power, were promoted through the creation of a dedicated state agency.

EU assistance has enabled the Palestinian Authority and UNRWA (responsible for Palestine refugees) to meet their obligations to the Palestinian people in terms of access to health and education services and a basic level of social protection, as well as preparing the ground for an independent Palestinian state as part of the Middle East peace process.

In Syria, support for the modernisation of the municipal administration paved the way for further devolution of urban development to municipalities during 2009. Through support for health sector modernisation, the basic skills were created to develop and better steer the national health system.

Regarding results of inter-regional instruments, Libya and Syria introduced TAIEX in 2009. The TAIEX instrument is now available for all the countries covered by the ENPI. In the case of Armenia, Georgia and Israel, the designation of a national contact point for TAIEX has proved useful for the introduction of the Twinning instrument as well as SIGMA operations.

Internal market is the sector that attracts most TAIEX requests from partner countries (45% of the total). Energy, transport, environment, and justice and home affairs account for 20% of the requests each. More than 1 000 TAIEX requests were introduced in the first three years of implementation in the ENPI region. In 2009, about 5 000 experts from Neighbourhood countries and Russia participated in TAIEX actions. Operational activities of SIGMA actually started in early 2009. So far, more than 50 SIGMA actions were conducted in the following areas: legal framework, civil service and justice, financial control and external audit, public procurement and policy-making.

After less than two years of activity, the Neighbourhood Investment Facility has already produced impressive results. The NIF operations approved in 2009 confirm its effectiveness. With grants of close to €100 million, the NIF leveraged operations in 2009 worth more than €7.3 billion in total. These covered important investments in the field of renewable energies (such as the establishment of a 200 MW wind farm in the Gulf of El Zayt in Egypt), and water and sanitation (such as a wastewater treatment plant in Lebanon).

#### *2.1.6. Monitoring*

The ENPI region is made up of the partner countries previously part of the MEDA (ENPI South) and Tacis (ENPI East) programmes. While these two regions are now grouped together, findings nevertheless still make a distinction between South and East when presenting qualitative results (like monitoring scores), on the ground that presenting the ENPI region as a homogenous entity would be misleading. It is interesting to note that the projects monitored more than once show a marked improvement over time, suggesting that re-monitoring is useful in guiding projects towards better performance.

The exercise of the results-oriented monitoring (ROM) carried out in 2009 confirms that most cooperation projects in the ENPI region are well on track. However, there

are some differences across the ODA sectors and between the monitoring criteria. In addition, the situation is somewhat different between ENPI East and ENPI South.

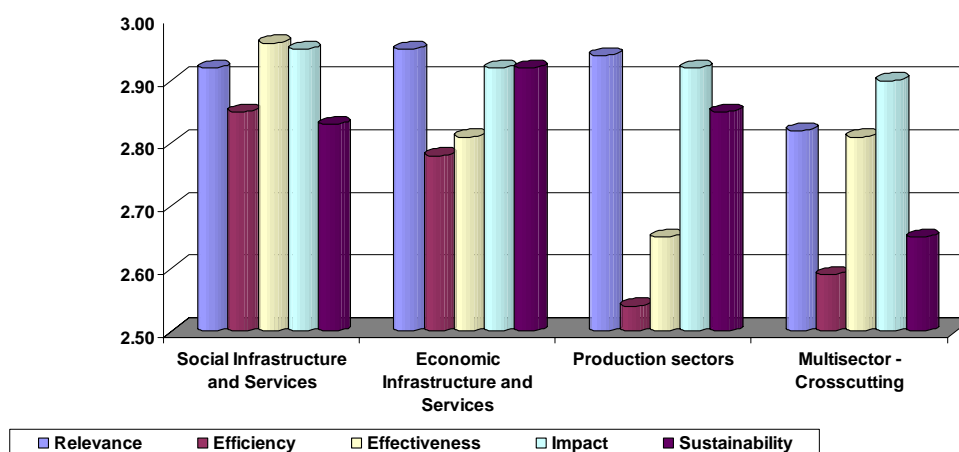
### ENPI East

In the Eastern ENPI region, 231 ongoing projects (31 regional and 200 national) with a total budget of €471 million were monitored in 2009. The positive ROM results from the previous years for the East were confirmed by a good overall average score of 2.87 out of a possible total of 4.

Overall, operations in ENPI East achieved very satisfactory impact and relevance scores and involvement of project partners in the identification and formulation process improved throughout 2009. Nevertheless, findings for example in the Caucasus, revealed that all too often financial and economic viability remains problematic, with institutional shortcomings in the support provided to projects after external assistance has ended.

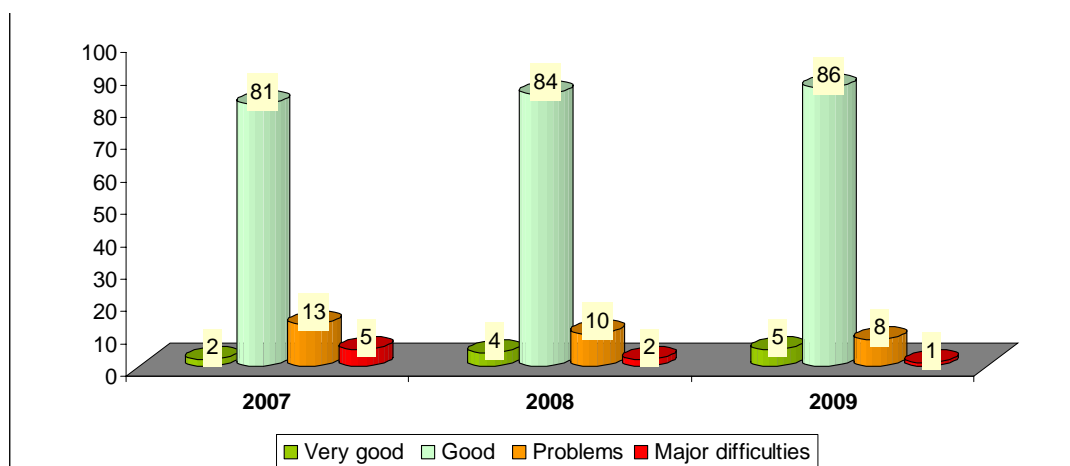
The social infrastructure sector as well as the economic infrastructure sector revealed a good overall performance within each ODA sector. The production sector score, although lower, was still well above target. The lowest performing area was the multisector/crosscutting one; however, progress was noted in 2009 compared to previous years. This area includes two thirds of all regional programmes, which on average tend to score slightly lower than national projects, due *inter alia* to difficulties faced in generating national ownership for this type of operation.

**Table 1: ENPI East - Monitoring results 2009 per ODA sector**



**Table 2: ENPI East - Performance of ongoing projects**





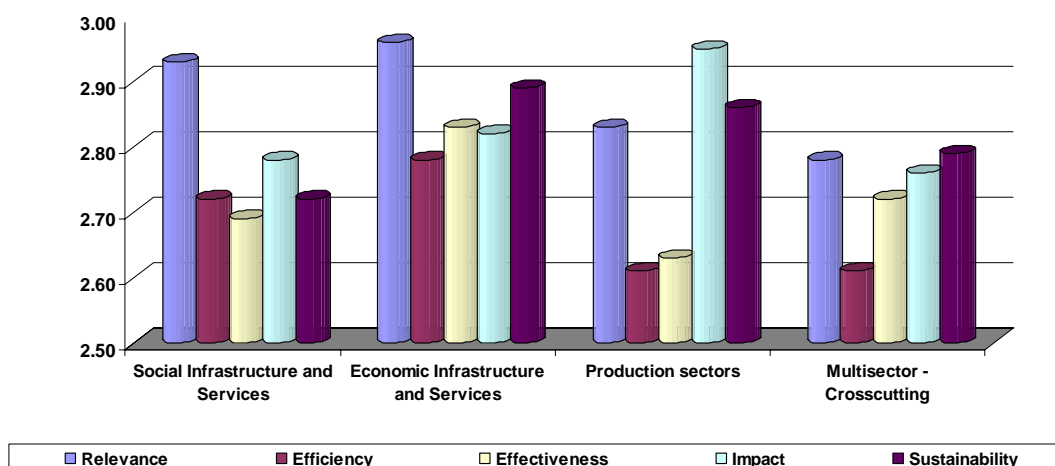
## ENPI South

In the ENPI South region, 164 ongoing projects (32 regional and 132 bilateral) were monitored in 2009, representing a value of €1.18 billion. Although slightly below the levels of the two preceding years, the overall average score of 2.77 out of a possible total of 4 still represents a good level of performance.

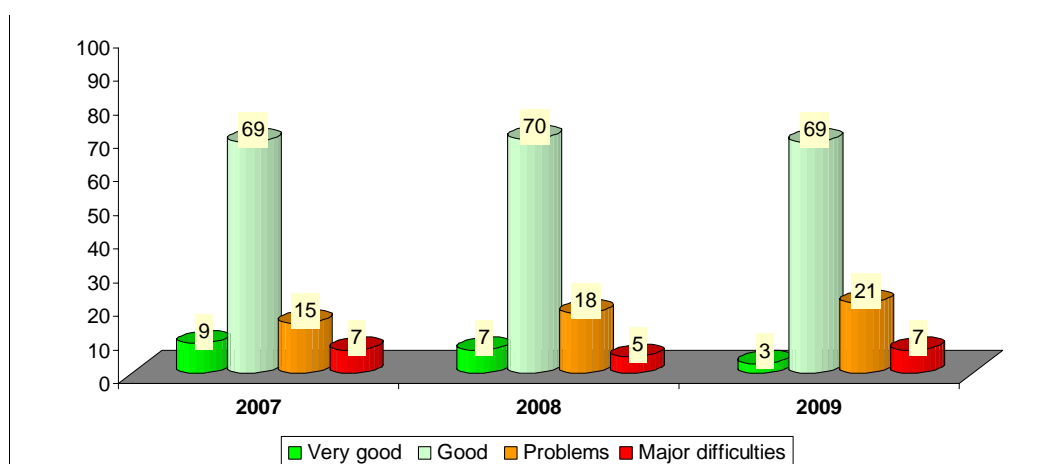
Monitoring findings reconfirm that projects across all ODA sectors are performing well. Most problems were experienced in the production sector, which comprises agriculture, mineral resources, mining and industry projects, as well as trade policy. Overall, the economic infrastructure and services sector is the best performer.

The high averages achieved for relevance seem to suggest that the projects are well embedded in a clear strategic framework. In addition, the use of calls for proposals allows for a demand-oriented approach involving civil society organisations. On the other hand, effectiveness and efficiency continue to have the lowest average scores in the South, although well above the “on-track” average of 2.50. Many projects still tend to have a strong focus on outputs, which may be explained by insufficient knowledge of project cycle management principles among some implementing partners. The lower average for efficiency suggests that projects experience problems with availability of means and inputs, slow disbursement of funds or delays due to adverse external hostile conditions (i.e. conflicts in Lebanon and the occupied Palestinian territory).

**Table 3: ENPI South - Monitoring results 2009 per ODA sector**



**Table 4: ENPI South - Performance of ongoing projects**



### 2.1.7. Prospects

On a bilateral level, programme preparation is proceeding on schedule for all ENPI countries. The pattern of reinforcing the ENP action programmes via financial assistance is growing in tandem with strengthening the partnership agenda.

Specific shifts of emphasis are worth highlighting for a few individual countries. In Belarus, the mid-term review of the Country Strategy Paper is expected to be conducted in the second half of 2010. In the meantime, the 2010 AAP will pursue the reform of quality infrastructure with a special emphasis on energy efficiency norms and standards.

Concerning Russia, the main emphasis will be on starting the implementation of cross-border cooperation programmes signed during the EU-Russia Summit on 18 November 2009 in Stockholm as well as continued support for academic cooperation and exchanges. Both sides agreed to work on a Partnership for Modernisation and this may open up new opportunities for more intense cooperation in the coming years.

In line with the first National Indicative Programme 2011-2013 for Libya, the health sector will continue to be supported. Focus will also be on trade-related cooperation, closely linked to Framework Agreement which is being negotiated with Libya. Avenues for cooperation in the area of migration will be explored.

For 2010 it is expected that PEGASE will still be the main channel for providing support to the occupied Palestinian territory. Already in late 2009, €158.5 million were made available to cover the recurrent expenditures of the Palestinian Authority, together with €66 million to continue assisting UNRWA.

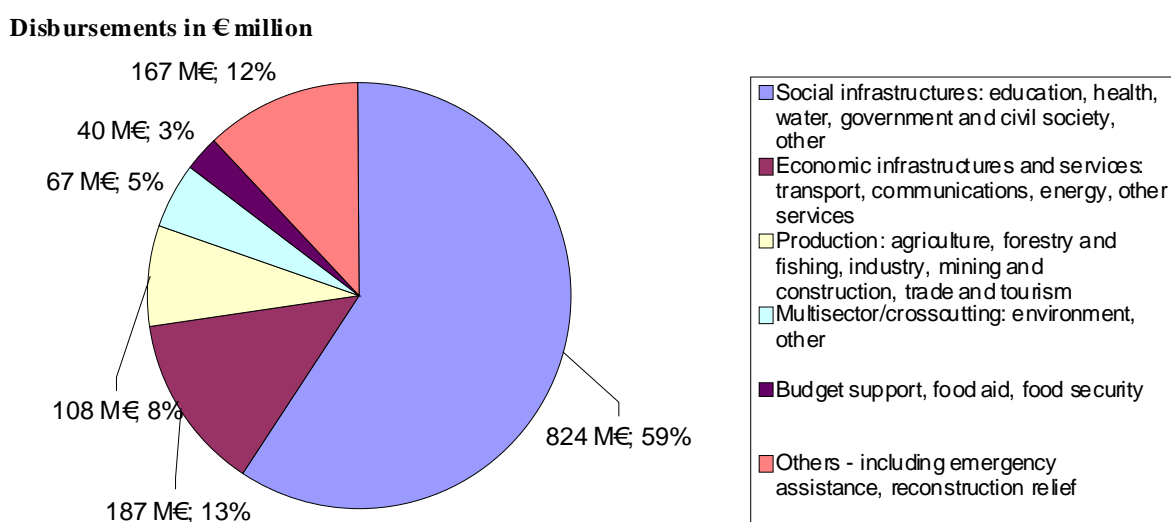
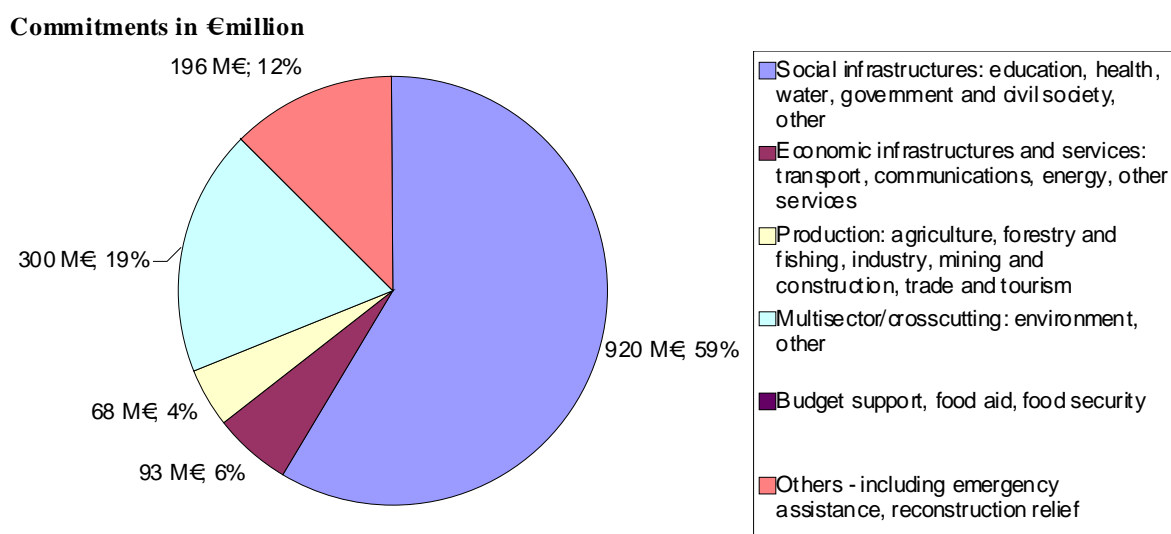
The outlook for developing EU-Syria relations looks encouraging, with the signature of the Association Agreement by Syria expected for 2010. Actions planned for 2010 include support for the reform of the judiciary, re-conversion of state-owned enterprises, and modernisation of vocational training.

On a regional level, the focus of attention will be in the South on initiatives emanating from the Union for the Mediterranean. Renewable energy and climate change will remain top priorities, along with enhancing transport network connections.

In the East, the Eastern Partnership will give momentum to the development of a number of flagship initiatives. In addition, emphasis will be on the human dimension of regional cooperation with an important emphasis on culture with the eastern partners.

The Neighbourhood Investment Facility will address in 2010 a new batch of infrastructure projects waiting for funding support. In particular, the NIF will seek to support strategic projects implementing initiatives adopted in the framework of recent regional or multilateral processes, in particular the Union for the Mediterranean, the Black Sea Synergy and the Eastern Partnership.

**Figure 5 ENPI - Breakdown by sector of external aid financed on the General EU budget managed by EuropeAid in 2009**



Bilateral and Multilateral ODA (EuropeAid only).

**Figure 6 ENPI - External aid financed on the General EU budget managed by EuropeAid.**

€millions	2007	2008	2009
<b>Commitments</b>	1 666	1 773	1 637
<b>Disbursements</b>	1 412	1 530	1 474

Bilateral and Multilateral flows (EuropeAid only).

**Figure 7: ENPI - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Armenia	SBS	Vocational training	Continuation of vocational education and training reform and development of an employment strategy	15,00
Azerbaijan	SBS	Agricultural policy and administrative management	Agricultural and rural development support programme	14,00
Egypt	SBS	Health policy and administrative management	Health Sector Policy Support Programme II	110,00
Georgia	SBS	Vocational training	Support to the vocational and education sector of Georgia	19,00
Georgia	SBS	Reconstruction relief and rehabilitation	Support to Georgia's IDPs Action Plan 2009 Part III	3,13
Georgia	SBS	Reconstruction relief and rehabilitation	Support to Georgia's IDPs Action Plan 2009 Part III	3,22
Georgia	SBS	Reconstruction relief and rehabilitation	Support to Georgia's IDPs Action Plan 2009 Part III	31,15
Georgia	SBS	Reconstruction relief and rehabilitation	Support to Georgia's IDPs Action Plan 2009 Part III	6,00
Jordan	SBS	Vocational training	Support to the Employment and Technical Vocational Education and Training reform	35,00
Moldova	SBS	Water supply and sanitation - large systems	Sector policy support programme in the water sector	45,00
Moldova	SBS	Water supply and sanitation - large systems	Sector policy support programme in the water sector	5,00
Morocco	SBS	Water supply and sanitation - large systems	Support to the national sanitation programme	50,00
Morocco	SBS	Health policy and administrative management	Sectoral support programme for reform of the Moroccan health system - part II	22,00
Morocco	SBS	Education policy and administrative management	Support programme for implementation of the education policy	73,00
Tunisia	SBS	Education policy and administrative management	Support programme for education and employment	65,00
Ukraine	SBS	Environmental policy and administrative management	Support to the implementation of an environmental strategy	35,00
Ukraine	SBS	Transport policy and administrative management	Support to the implementation of the transport strategy	65,00
<b>Grand Total</b>				<b>596,50</b>

GBS : General budget support

SBS : Sector budget support

## 2.2. European Development Fund

Implementation performance figures remained strong in 2009, confirming the encouraging start of the 10<sup>th</sup> EDF on 1 July 2008, the date of the entry into force of the revised ACP-EC Partnership Agreement. At the end of 2009, a total of €3.34 billion has been committed out of the €21.2 billion under the EDF managed by the Commission. Thus, within 18 months of its launch, around 40% of the 10<sup>th</sup> EDF, which covers 2008-2013, has already been committed.

During 2009, the Commission approved 62 annual action programmes, including the first regional programmes under the 10<sup>th</sup> EDF. At €3.5 billion, global commitments again exceeded their target compared to the previous year, while payments reached €1.12 billion. Secondary commitments, i.e. contracts with third parties to deliver projects, also significantly exceeded the 2009 target, reaching €4.2 billion – a record for the EDF. In total, €723 million of new global commitments were made for general budget support under the EDF, including €15 million under the Vulnerability FLEX mechanism in favour of eleven African and two Caribbean countries to reduce the 2009 funding gaps in ACP governments' budgets caused by the global economic and financial crisis. As for sector budget support, new

programmes were decided for more than €384 million in areas such as human resources development, environment, justice, water and sanitation as well as rural development. In addition, the Commission approved important initiatives such as new phases of the water and energy facilities for a total of €400 million. Support for the Global Climate Change Alliance amounted to €40 million. An additional contribution of €200 million went to the EU-Africa infrastructure trust fund.

## 2.2.1. Africa

### 2.2.1.1. Introduction

Following the adoption of the Joint Africa-EU Strategy in December 2007 and the set-up of the institutional architecture to implement its Action Plan in 2008, the early results of the Strategic Partnership between Africa and the EU appeared in 2009.

Progress was registered in the eight thematic areas of the partnership (peace and security; democratic governance and human rights; trade, regional integration and infrastructure; MDGs; energy; climate change; migration, mobility and employment; and science, information society and space) for which concrete projects have been identified in eight implementation roadmaps. Successful cooperation was achieved between the two continents in terms of political dialogue – for example in the area of peace and security with regular consultations on crisis and conflict country situations and a joint meeting between the EU Political and Security Committee and the African Union Peace and Security Council. Concrete projects were also implemented – for instance in energy with projects on renewable energy like the Felou run-of-river hydropower plant supplying Mauritania, Mali and Senegal. In the framework of the partnership on migration, mobility and employment, one of the key initiatives was to start the design and funding for the establishment of the African Remittances Institute (€1.7 million). The institute will facilitate cheaper, faster and more secure remittance flows from Europe to Africa. In the area of science, information society and space, financing was made available via the 7<sup>th</sup> Research Framework Programme and via the EDF to support some landmark projects. Since 2007, there have been about 500 successful African applications under FP7 with a total value of €65 million. Other key achievements include strengthened collaboration to jointly tackle new international challenges, such as the joint Africa-EU declaration on climate change ahead of the Copenhagen Summit.

The Joint Africa-EU Strategy also led to the establishment of regional networks for sanitary and phytosanitary standards under the 'better training for safer food in Africa' project and the substantial progress made by the World Organisation for Animal Health through the same project.

Efforts to increase the pace of delivery and implementation of concrete projects should still be intensified, as should the involvement of all associated stakeholders, be they parliaments, civil society or the private sector.

### 2.2.1.2. Aid effectiveness and donor coordination

In 2009, the Commission continued working closely with other donors in order to improve division of labour between them and to enhance aid effectiveness. Delegation agreements (funds made available by the Commission to Member States or their agencies to manage implementation on its behalf) for a total of €54.6 million

were concluded for South Africa, Madagascar, Mozambique, Zimbabwe, Ethiopia, Mali and Zambia. Cooperating agencies were the German Organisation for Technical Cooperation (GTZ), the French Development Agency (AFD) and the Portuguese Institute for Development Assistance (IPAD). Transfer agreements (aid money received by the Commission from Member States or their agencies) worth around €22 million were agreed with Belgium, Denmark and the Netherlands for Benin as well as with Belgium and Denmark for Mozambique and Somalia respectively.

In order to take better account of the impact of the present financial crisis on partner countries, the Commission agreed to anticipate the 10<sup>th</sup> EDF mid-term reviews of country strategies. This offered a real opportunity for enhancing the division of labour, alignment and greater use of country systems where possible. Regarding the fast-track initiative on the division of labour in the ACP region, the Commission is lead facilitator in Mali, Tanzania, Ethiopia and Mozambique and is therefore well equipped to foster in-depth discussions on division of labour with national governments and other development partners.

Mali has been selected as a pilot country under the Fast Track Initiative on Division of Labour. Thirty development partners are currently working in Mali including eight EU Member States and the European Commission. More recent donors, including China and Libya, are playing an increasing role. The development partners operating in Mali have been working closely since 2007 to change aid practices in the country. This has resulted in the preparation of a common country aid strategy *Stratégie Commune d'Assistance Pays*. In 2008, the development partners reached a consensus on complementarity/division of labour and alignment. One of the important constraints in the process remains the difficulty of ensuring dynamic ownership of the strategy process by the national authorities. The strategy document was subject to discussions between the government and donors throughout 2009 and was finally adopted in early 2010.

The EU has been a driving force for improving division of labour among donors in Tanzania, which altogether contribute a share of around 30% to the national budget. Division of labour has resulted in a significant streamlining of the donor matrix with a clear attribution of roles for donors in each sector. A cornerstone of this approach is the use of budget support, reducing government transaction costs and avoiding duplication of donor efforts. The EU code of conduct gave momentum to the entire process and provided the general principles for a meaningful division of labour. It also triggered a similar exercise in the UN system. General budget support is the main aid delivering modality of the EU to Tanzania in the period 2008-2014, concentrating on policy dialogue in public finance management, public sector reform, monitoring of poverty reduction and improved service delivery in social sectors.

The EU is a key partner to Ethiopia. In 2008, the EU budget and Member States together provided some €540 million to the country, accounting for 37% of all structural aid to Ethiopia. To date there has been significant progress towards aid effectiveness, including an effective donor coordination structure. Ownership of national development is strong, with the government co-chairing donor coordination structures in five key sectors. Best practices include considerable donor and government support for pooled funding mechanisms. Ethiopia's largest programme for the protection of basic services, for example, is 65% government funded. The EU

also takes the lead in providing transport sector budget support. The years 2010 and 2011 will offer significant opportunities to raise the profile of division of labour, including in the formulation of Ethiopia's five-year development plan (PASDEP II), the re-launch of the joint government/donor aid harmonisation task force, and the 2010 Paris Declaration survey.

In Mozambique, the Commission is part of a group of 19 budget support actors (G19), also known as the *Programme Aid Partnership* (PAP). Members of PAP are committed to specific principles of aid delivery. The group maintains dialogue with the government on progress towards poverty reduction, mobilisation of internal resources and public sector financial management. PAP is also undertaking two joint reviews of Mozambique's action plan for the reduction of absolute poverty (PARPA) per year. In March 2009, a revised memorandum of understanding was signed in order to open the forum to the participation of non-budget support donors. The US and the UN are associated members since April 2009. Another positive example was the establishment of a triangular collaboration between the government of Mozambique, the Commission and the Portuguese institutions involved in the security sector to formulate a support project for the ministry of the interior. In this context, the Commission was not only able to capitalise on Portugal's extensive expertise in the area by delegating its support to the country but was also able to pool the EU funds it manages with those of Portugal.

In Uganda, government and development partners are very active in donor coordination and implementation of aid effectiveness principles, building an advanced coordination structure for the implementation of the Paris Declaration. Donors meet monthly in the so-called local development partners group which coordinates the different technical working groups and discusses technical coordination issues. This structure is mirrored by a government structure hosted by the office of the Prime Minister. The government is also preparing a partnership policy defining the principles between the government and its development partners. A framework will be developed in order to institutionalise measures and mechanisms for assessing mutual accountability in relation to the provisions of official development assistance.

An important element of aid harmonisation and effectiveness is the alignment with national strategies. In Benin, a good example of this was the adoption of the national decentralisation and deconcentration policy at the end of 2009, which reviewed the set-up of a financial transfer system from the central government to the communes. Most donors have decided to support the communes through this mechanism which avoids parallel systems, facilitates predictability and promotes national ownership.

### 2.2.1.3. Working towards the MDGs

For Sub-Saharan Africa the chances of reaching the MDGs are increasingly remote. Even though poverty (MDG 1) in Sub-Saharan Africa has fallen since 1999, the poverty rate remains above 50%. Rising food and oil prices and the recent global economic crisis have aggravated the situation. The most resilient countries have been able to take fiscal measures to ensure macroeconomic stability. But the crisis had an impact on governments' ability to implement poverty reduction strategies which were initially based on high growth-rate assumptions. In some of the most vulnerable economies of Sub-Saharan Africa, the number of poor is likely to increase.



According to the latest UN MDG progress report<sup>47</sup> none of the goals will be reached if current trends persist. For some targets in the area of health and environmental sustainability, no progress can be noted at all. However, even though the overall picture is not very encouraging, there are positive examples of progress.

Sub-Saharan Africa still has the largest number of children out of school worldwide (MDG 2). Therefore, the Commission continued to support partner countries in their efforts to move towards the achievement of universal primary education. Average net enrolment ratios in Sub-Saharan Africa rose by 15% from 2000 to 2007. In Tanzania, enrolment rates for primary and secondary level education have increased. Progress can also be noted on improved infrastructure and increased number of teachers, two essential factors for the quality of education. The primary completion rate, however, declined between 2006 and 2007 from 72% to 65%. The pass rate for the primary leaving exam has fallen from 70.5% to 54% and some districts have a pupil-teacher ratio as high as 74:1.

#### **Case study: Education fast-track initiative**

The European Commission remains committed to the "Education for All" – Fast Track Initiative (EFA-FTI). The aim of the FTI is to ensure all children receive a quality primary school education. Within the FTI, low-income partner countries are encouraged to commit 20% of their national budget to education, half of which to primary education. From 2007 to 2009, the Commission contributed more than €30 million to the FTI Catalytic Fund. Thanks to the FTI partnership, 20 million more children in Sub-Saharan Africa alone have enrolled in primary school since 2000. Fifteen FTI countries are 'on track' to reach the goal of 95% of all children completing primary school by 2015.

The Commission is increasingly using general and sector budget support to sustain education sector reforms in partner countries. Through its support for reforming the education sector at country level, the Commission is ensuring the concept of good governance, so as to enable equal opportunities and good quality education for all. In Botswana, the EU supports various education initiatives set out in the national development plan, through an education and training sector policy support programme over a period of five years (2006-2010). The aim is to ensure access for all citizens to high quality lifelong education and training. Two specific targets for improving primary education and raising awareness of HIV/AIDS are directly linked to supporting the country's progress towards meeting the MDGs. The programme has already contributed to increased decentralisation of financial responsibility and autonomy of schools, additional resources for primary schools, improved infrastructure and consideration of new teacher incentives. There has also been very good progress in the roll-out of HIV/AIDS awareness programmes in schools and in the development of curricula for children with special needs.

In Zimbabwe, the official estimate of textbooks per child in all primary schools is 1:7 but this global ratio conceals the reality that many remote schools have just one book per class or, in some cases, none at all. Therefore, the provision of textbooks and stationery is amongst the government's priorities. Thanks to EU support for the education sector in Zimbabwe, an estimated two million children in 5 500 schools will have access to improved learning materials in the 2010 school year.

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<sup>47</sup> [http://www.un.org/millenniumgoals/pdf/MDG\\_Report\\_2009\\_ENG.pdf](http://www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf)

In 2009, the EU also supported progress towards the health-related MDGs (MDG 4, 5 & 6) and the prevention of poverty-related diseases, such as HIV/AIDS, malaria, and tuberculosis, through health sector reform and healthcare delivery approaches at country level. HIV rates are still on the rise in Sub-Saharan Africa, which accounts for 67% of the globally infected population. WHO data show that nearly one million people died of malaria in 2006, 95% of them in Sub-Saharan Africa with children under five the biggest victims. The Commission boosts anti-malaria efforts in African countries, for example through international organisations such as UNICEF, by distributing insecticide-treated bed nets. Recent data show a dramatic rise in the use of bed nets among children from 2% in 2000 to 20% in 2006. Greater efforts in this area could yield major successes in the reduction of child mortality in the years to come. In order to support these types of activities, the EU is also a major donor (annual contribution of €100 million) to the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria, 60% of whose operations are in Africa.

In other areas, like achieving the water and sanitation Millennium Development Goal, the EU provides sector budget support to increase access to drinking water and improved sanitation in both rural and urban areas. In rural areas of Burkina Faso, the aim is to increase the number of people with access to safe water from 52% in 2005 to 76% in 2015 and sanitation from an estimated 10% in 2005 to 54% in 2015. In urban areas, the expected results are to improve access to clean water from 74% in 2005 to 89% in 2015 and sanitation from 14% in 2005 to 57% in 2015.

The Commission recently conducted a study of data on general budget support (GBS) as well as performance trends of key MDG indicators across the ACP region. The aim was to analyse possible correlations between differences in MDG performance of countries that were high or low budget support recipients. The overall results are quite encouraging, providing more comprehensive support for the view that countries receiving higher levels of budget support perform better. This was the case for all five indicators under review. For example, primary enrolments improved by over 8% in high GBS countries, but only 1% in low GBS recipients. Gender equality improved by 6% in high GBS countries, but no change occurred in low GBS support recipients. The improvement in the Human Development Index was 70% higher in high GBS countries than in low GBS recipients. While the study shows association rather than causality, it indicates a contribution of GBS to improved performance.

#### 2.2.1.4. Implementation

EDF funding for Sub-Saharan Africa in 2009 totalled €3.1 billion in commitments and €2.5 billion in payments. The greatest share of EDF commitments in 2009 was concentrated on budget support operations (22%), transport (19%) and government and civil society (14%). The Commission also approved major new financing to initiatives such as the Global Climate Change Alliance (€40 million) and the new phases of the EU-ACP water and energy facility (€400 million) as well as an additional contribution to the EU-Africa Infrastructure Trust Fund of €200 million. For further details →2.2.4.

**Case study: Sawlog production grant scheme**

The Sawlog Production Grant Scheme (SPGS) is a joint initiative between the government of Uganda, the EU and the government of Norway, to encourage private sector involvement in commercial timber plantations in Uganda. The project, to which the Commission contributed €13.1 million, provides technical support to private sector investors in timber and pole crops. During its first phase (2004-2009), the SPGS triggered major interest in commercial tree planting in Uganda, creating some 11 000 hectares. More than 110 contracted private sector growers and almost 40 community planting associations have benefited directly from the SPGS over the past five years. Moreover, the project has been a catalyst for private investment as well as for creating thousands of much-needed rural jobs. The second phase of the project, running until mid-2013, foresees some additional 32 000 ha of plantations. This already accounts for 40% of the 80 000 ha Uganda would require by 2025 to meet its own demand.

In 2009, the Commission approved new budget support programmes under the 10<sup>th</sup> EDF in 26 countries of Sub-Saharan Africa worth €1.1 billion, corresponding to 37% of the total annual funding. New programmes have been decided in countries not previously eligible for budget support, namely Togo, Seychelles, Liberia and Comoros. They will be granted budget support in accordance with the newly developed guidelines for budget support in fragile states. The same applies to the Democratic Republic of Congo where targeted budget support for some €9 million was granted to meet the food price crisis.

#### **Case study: Budget support programmes in Zambia**

Budget support has become the EU's preferred financing modality in Zambia with more than 70% of 10<sup>th</sup> EDF funding provided as budget support. Because of its satisfactory track record, Zambia was selected by the Commission in 2008 to benefit from budget support in the form of an MDG-Contract for a total amount of €225 million to be implemented over a period of six years. Despite the global economic crisis, Zambia managed to preserve a satisfactory fiscal space for social expenditures. Since 2006, some progress of performance indicators on health and HIV treatment has been observed at national and decentralised level with appropriate funding released from the ministry of health to district boards. Public health care facilities have also registered an increasing number of first attendances and admissions and a higher percentage of people with HIV/AIDS (up from 32.9% in 2006 to 66.8% in 2008) have received antiretroviral drugs.

Implementation of budget support programmes under the 9<sup>th</sup> and the 10<sup>th</sup> EDF continued successfully.

In parallel, the Commission disbursed the sums committed under the emergency response to the increase of oil and food prices. Eleven African countries (Benin, Burundi, Central African Republic, Comoros, Ghana, Guinea-Bissau, Malawi, Mauritius, the Seychelles, Sierra Leone and Zambia) benefited from budget support programmes for a total amount of €15 million under the V-FLEX mechanism. The programmes, adopted at the end of 2009, were the first financing decisions in the framework of the €500 million V-FLEX mechanism which was adopted in August 2009 as a response to the social impact of the global financial and economic crisis on ACP countries. The instrument aims to preserve core public expenditures, particularly in social sectors, without jeopardising macro-economic stability in the countries concerned. The Commission was able to disburse €160 million to 11 countries before the end of the year. An amount of up to €65 million remains available for the 2010 V-FLEX exercise. In some countries, notably Madagascar and Niger, budget support disbursements initially foreseen were not paid following the

application of measures under Article 96 of the Cotonou Agreement because of unconstitutional political developments. In Malawi, Haiti, the Democratic Republic of Congo and Ethiopia, the Commission could not disburse planned end-year budget support pending confirmation of the fulfilment of general or specific conditions.

The EU is also assisting millions suffering from chronic food shortages. In Ethiopia in 2009, it provided more than €20 million in support of the productive safety net programme to help achieve food sufficiency and improve the livelihoods of 8.3 million chronically food insecure people in 286 drought-affected areas. The resources channelled through the programme covered the beneficiaries' food gaps and reduced the need for them to dispose of household assets to meet their food needs.

#### **Case study: Namibia support programme for the water sector**

Over the last decade, Namibia has made impressive progress in the water sector. Population access to safe water improved from 58% in 1990 to 85% in 2008. The EU supported these achievements by providing €1 million of budget support to Namibia's rural water sector, which helped to increase rural access to drinking water by 10% during the implementation phase from 2006 to 2008. It also gave a major boost to community-based management, implemented at grassroots level, with several thousands of water points handed over to local water committees, many under full cost recovery. Community-based management promotes ownership and empowerment of local communities and their involvement in decision-making as well as delegation of service delivery to the lowest level. It also assures sustainability for the structures created. The approach is now well institutionalised and may be applied in the upcoming Namibia water supply and sanitation sector programme 2010-2015 for which the Commission will provide budget support of up to €30 million.

Implementation of the 10<sup>th</sup> EDF regional strategy papers has just started as most were signed at the end of 2008 and in 2009. Their implementation is based on each region's own strategic priorities and integration efforts. In west Africa, on-going 9<sup>th</sup> EDF programmes are supporting economic and trade integration as well as transport facilitation. These programmes are implemented directly by west Africa's two main regional organisations, the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU). A conflict prevention and peace-building project implemented by ECOWAS provided funds for election observation missions to Ghana and Togo, for mediation activities in the Ivory Coast as well as for a regional small arms control programme and the harmonisation of electoral legislations. In December 2009, the Commission decided on a technical cooperation facility of €6 million in favour of ECOWAS and WAEMU. The programme will support the implementation of the 10<sup>th</sup> EDF strategy for west Africa and facilitate ECOWAS and WAEMU strategies for regional integration, poverty reduction and conflict prevention. The 10<sup>th</sup> EDF regional strategy paper for west Africa foresees an amount of €97 million for the period 2008-2013.

#### **Case study: Supporting health in the Democratic Republic of Congo**

With a budget of €80 million, the 9<sup>th</sup> EDF health programme in the Democratic Republic of Congo provides support to some 4.2 million inhabitants in four provinces over a four-year period (2006-2010). The programme aims to improve the access to and quality of basic health services, thereby reducing infant and maternal mortality. These objectives are

achieved by significantly subsidising the costs of essential medicines, investing €6 million in health infrastructure and equipment, as well as improving the quality of health service by introducing performance-based salaries for health staff and the strengthening of leadership. The project works in collaboration with the Global Fund to fight AIDS, Tuberculosis and Malaria, where complementary funding has been forthcoming to tackle tuberculosis.

In December 2009, the Commission approved a regional programme of €17.7 million to support regional integration in the Eastern and Southern Africa and Indian Ocean (ESA-IO) region. This covers the Common Market for Eastern and Southern Africa (COMESA), the Eastern African Community (EAC), the Inter-Governmental Authority on Development (IGAD) and the Indian Ocean Commission (IOC). The funds will be allocated from a total regional envelope of €645 million. The programmes will contribute to deeper economic integration by reducing the barriers to trade and the free movement of goods and services across borders. Improving the management of shared resources in the region will help to ensure sustainable growth and contribute to improved food security. Closer political integration between the member countries is also supported, notably by focusing on conflict prevention and improved governance. Further support for the Southern African Development Community (SADC) integration process is also programmed.

#### **Case study: Support programme for civil society structuring in Cameroon**

The €5.4 million Support Programme for Civil Society Structuring (PASOC) has contributed to capacity building of civil society organisations in Cameroon. In cooperation with other donors, a mapping of non-state actors was carried out and the coordination and networking of civil society organisations was improved. Interactions between civil society organisations, government representatives and members of parliament were developed notably as part of a participative dialogue on government policies. Increased involvement of local populations in all areas of society and strengthened relations between grassroots organisations and local authorities are further results of the programme.

Throughout 2009, the Commission also worked on an implementation plan for its Communications *Towards an EU Response to Situations of Fragility and Security and Development*<sup>48</sup>. Together with Member States, the Commission worked in 11 pilot countries, including Burundi, Sierra Leone, Guinea-Bissau, Central African Republic, Chad and South Africa to provide feedback on ways to improve performance in fragile states. The implementation plan is currently being finalised pending clarification of the implications of the Lisbon Treaty. Implementation of the plan is scheduled to start in 2010.

#### **Fragile and crisis situations**

In order to ensure that programmes are effective in fragile and crisis situations, the Commission tailors its strategies, programming and procedures to respond to circumstances on the ground. In most cases, the Commission develops and implements a variety of activities which respond to the humanitarian, security and longer-term development situation using a range of instruments from projects to budget support.

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<sup>48</sup> COM(2007) 643 final of 25.10.2007

During 2009, 31 countries worldwide were considered eligible to use flexible, simplified contractual procedures for emergency and post-crisis situations. This enabled the Commission to be more responsive to rapidly changing situations in these countries. For example, following the death of the President of Guinea-Bissau the Commission used shortened procedures to approve an election support programme. This project was developed and approved within two months and implemented within three months – in time to support the unforeseen elections.

In 2009, the Commission also developed guidelines for budget support in fragile situations and collaborated with the World Bank, the African Development Bank and the International Monetary Fund to develop a common approach to budget support in fragile situations. This has already been translated into tangible improvements on the ground. For example, in the past year the Central African Republic, Haiti and Guinea-Bissau established a solid format for coordinating budget support through memoranda of understanding between the governments and donor partners to guide their cooperation. For further details →5.2.2.

#### 2.2.1.5. Results

In 2009, work continued to deliver more, better and faster aid to Sub-Saharan Africa. Tanzania, Kenya, Somalia, Ethiopia and Eritrea are good examples of quick aid disbursement in response to the food price crisis. Another example is the enhancement of aid predictability through budget support operations, such as the MDG Contract, which provides a financial commitment over a six-year period – twice as long as the classic budget support agreements – aligned with the country's procedures and policy priorities and focused on MDG-related results.

The achievement of results in development cooperation, however, depends largely on the context in which it takes place. This is particularly true for Africa where political instability and poor governance remain constraining issues. A recent evaluation of cooperation with Chad highlights the issue of development in a difficult context. Even though the envisaged results have been largely achieved (i.e. the national road transport network was improved and the village water supply programme now reaches 10% of the population) an overall stabilisation of the country is still far from a reality, risking the sustainability of progress made so far.

A difficult challenge faced by the Commission and other donors has been a tendency to link budget support decisions to wider considerations going beyond the objective of poverty reduction and the assessment of the legally established budget support eligibility criteria. In this context, the Commission has highlighted the specific relevant provisions in the Cotonou Agreement. It is to be hoped that the ongoing discussions will bring greater clarity to the application of the provisions of the Cotonou Agreement relating to budget support and broader political cooperation at country level.

#### 2.2.1.6. Monitoring

In all, 43 missions were carried out in Africa and South Africa, monitoring 408 projects, funded both from the EDF and the EU budget, with a total value of €3.2 billion. Of these, 372 projects still had on-going activities and 36 completed projects were subject to *ex-post* monitoring. In addition, two sector policy support



programmes with a Commission contribution of €91 million were monitored in South Africa and Ethiopia in the areas of social services and transport. The total value of all operations monitored in 2009 was €3.6 billion.

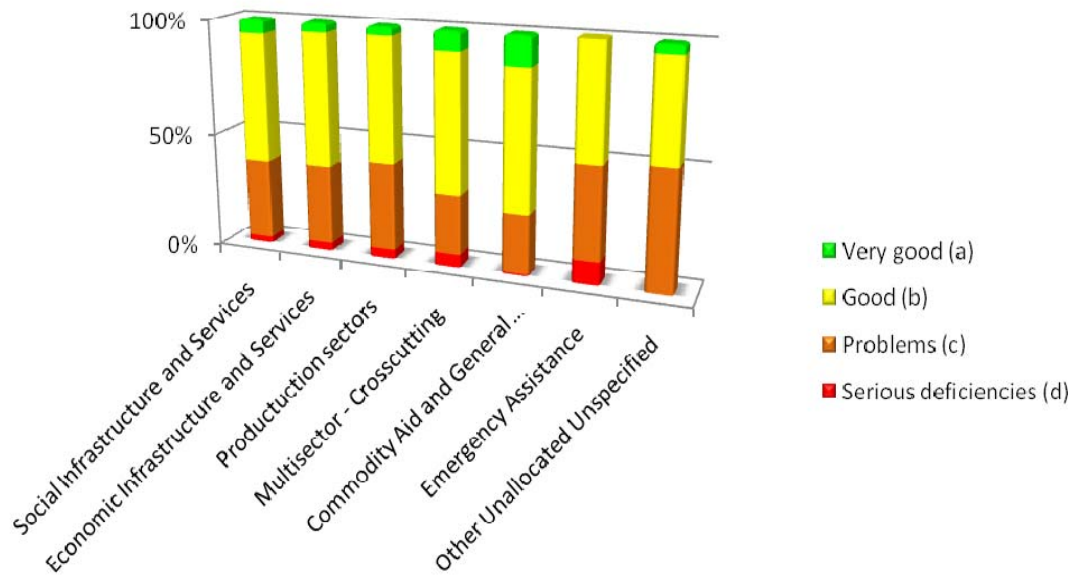
Projects are measured according to their frequency and percentage of ratings (a, b, c, d) in the five ROM criteria, with (a) and (b) ratings considered best. They are also classified in four categories according to their overall performance: (I) very good, (II) good performance, (III) performing with some problems and (IV) presenting serious deficiencies.

The 2009 results show a satisfactory performance of ongoing operations in Sub-Saharan Africa as well as South Africa with 66% falling into the categories I and II. Analysis of the frequency of ratings reveals that although 80% of the projects are highly relevant in their design and 69% show good future impact prospects, sustainability, efficiency and effectiveness only reach 59%, 56% and 50% respectively.

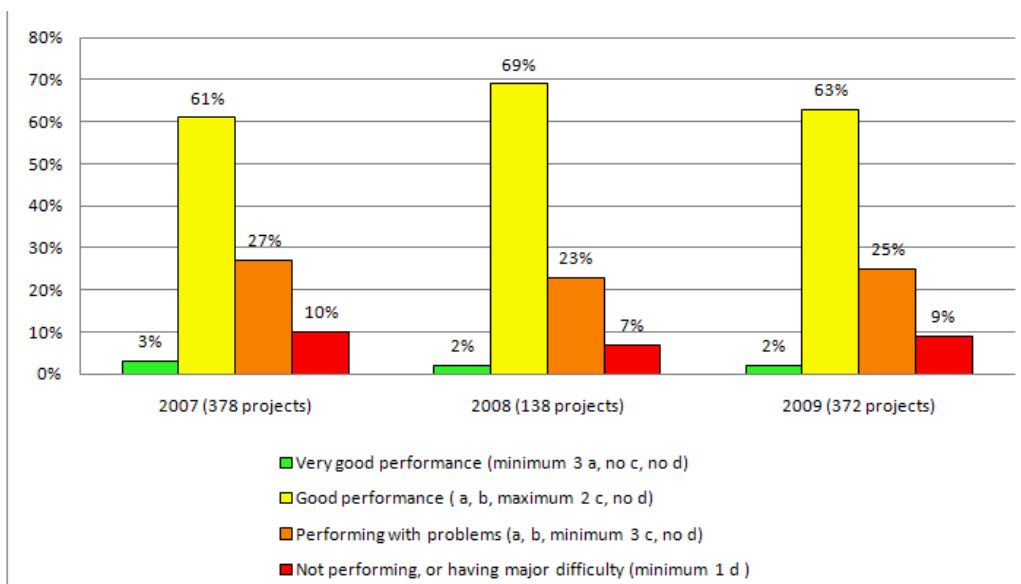
The bulk of regional monitoring took place in the water and energy sector. A total of 26 operations funded by the water and energy facilities (23 related to water and three to energy) were monitored in 22 African countries, representing a value of €77.3 million. 82% of the projects fell in categories I and II. 81% had a relevant design and 80% good impact prospects, 73% were effective, 69% had good potential sustainability, while only 50% received good ratings in terms of efficiency. The positive results stem from a high level of ownership at country as well as grassroots level, supporting the sustainability of the programmes. Poor efficiency levels are due to delays in the implementation of activities as well as procurement difficulties.

The main ODA sectors concerned by the monitoring sample were social infrastructure and services (210 projects for €1.4 billion), economic infrastructure and services (35 projects, €68 million), followed by production sectors (55 projects, €284 million) and commodity aid (32 projects, €143 million). Results by ODA sector (see table) show the best overall performance in the area were commodity aid (78%), multi-sector and cross-cutting issues as well as social infrastructure and services with 68% each.

**Figure 8: Africa - Monitoring results 2009 per ODA sector**



**Figure 9: Performance of ongoing projects - Africa**



With 45%, the production sectors present the highest rate of projects with poor performance. Factors that may contribute to this result are the long time span between the conception and start of a project that can impact on its relevance due to a possible change of external conditions and/or the beneficiaries' needs. Other reasons may be a lack of ownership and capacity, ill defined objectives, share of responsibilities and risk management.

As regards the projects that were subject to *ex-post* monitoring, 86% were in categories I and II. 84% received best results for effectiveness, 75% for efficiency and 64% for the relevance of their project design. The results relating to the projects' real impact (78%) and sustainability (70%) also showed very satisfactory results.



### 2.2.1.7. Prospects

The experience of implementing budget support during 2009 served to consolidate and reinforce a number of key lessons learned over recent years. In particular, the increased scrutiny of budget support decisions highlights the importance of clarity and transparency in the application of budget support eligibility criteria. In this context, the Commission is streamlining and rationalising its internal guidance to better reflect the concerns of the Court of Auditors and European Parliament that budget support decisions be justified as rigorously as possible. In the course of 2010, the Commission expects to build upon the improvements noted in this respect by the Court of Auditors.

Prospects for continued delivery of budget support programmes to ACP countries in 2010 will depend on a number of factors which influence the environment for successful macroeconomic and sectoral policies. A key issue will be the expected growth recovery following the impact of the economic crisis in 2009. While the IMF expects a growth of 4% in Africa in 2010, this would still be significantly below the average of 5.3% over the period 2000-2008. Against this background, the pressure on public finances may threaten poverty-focused programmes and hinder progress towards the MDGs. This in turn may also have an impact on disbursements of performance-based tranches. The Commission is monitoring this issue closely on a country-by-country basis to ensure sufficient flexibility in the implementation of budget support programmes to accommodate revised performance targets where appropriate.

### 2.2.2. *Caribbean*

#### 2.2.2.1. Introduction

The EU strategy for the Caribbean is built around a vision of the future founded upon a history of shared values, in parallel with making maximum use of the opportunities of the Cotonou Agreement<sup>49</sup>. The strategy seeks to create an enhanced EU-Caribbean partnership capable of meeting a set of interrelated challenges:

- tackling economic and environmental opportunities and vulnerabilities;
- promoting social cohesion and combating poverty including the fight against HIV/AIDS;
- strengthening health care systems;
- fighting against illicit drugs and tax fraud.

As provided for in the Cotonou Agreement, the traditional trading arrangements were replaced by a wider EU–Caribbean Economic Partnership Agreement signed and provisionally applied since 2008, pending full ratification. Haiti, the sole country not to sign in 2008, did so in late 2009. The EPA not only defines the trade relations between the EU and the Caribbean but also promotes regional integration and economic development. The 10<sup>th</sup> EDF regional programme will support the regional integration process and as such is complementary to the EPA. Significant progress was achieved in 2009 towards defining priority actions of the regional programme. This is also the case for the 10<sup>th</sup> EDF country strategies, signed at the end of 2008, which address both private and public actors. Major sectors covered include

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<sup>49</sup> COM(2006) 86 final of 15.02.2008

governance and competitiveness, infrastructure and interconnectivity, macroeconomic budgetary support and poverty reduction. Other sectors explicitly include capacity-building related to the regional programme for additional trade-related assistance accompanying the EPA, as well as good governance in the tax area. In 2009, the 10<sup>th</sup> EDF mid-term review process was launched. This is a formal requirement of the Cotonou Agreement, which will review progress achieved to date in the national programmes and update, wherever necessary, the cooperation strategy and financial allocations of the countries concerned.

#### 2.2.2.2. Aid effectiveness and donor coordination

Further steps were taken towards strengthening donor coordination with the modest number of bilateral and multilateral donors active in the region. Information sharing has become more systematic and takes place on a regular basis. As regards division of labour, further progress was made in 2009. In general, public finance management continues to be an important area of cooperation. The financial and economic crisis, which had a severe impact on the eastern Caribbean countries, has led to increased coordination with other donors and in particular the International Monetary Fund (IMF).

In the eastern Caribbean, the Commission works closely with, for example, the IMF, World Bank, the UK Department for International Development (DfID), the Caribbean Regional Technical Assistance Centre (CARTAC) and the Caribbean Development Bank (CDB) on budget support and public financial management. There are also close working relations with the World Bank and UNDP on sub-regional social protection reform and with FAO on agriculture. Donor coordination on trade issues is effective and becoming increasingly important on issues related to drug trafficking and crime prevention.

As regards the Dominican Republic, efforts were made to enhance donor coordination both with Member States and other major donors, notably in the field of public finance management and education, leading to improved coordination with the World Bank and the Inter-American Development Bank.

In Haiti, the negotiations on a joint matrix to follow-up the implementation of debt and poverty reduction continued. Work was also initiated within 27 thematic groups, set-up to deal with issues such as governance, technical assistance and division of labour. A transfer agreement was negotiated with the French Development Agency (AFD) for an amount of €9.1 million in the area of infrastructure – a concrete example of putting into practice principles of donor coordination and division of labour.

#### 2.2.2.3. Working towards the MDGs

All Caribbean countries have been affected by the global economic and financial crisis. This may have a negative impact on the achievements in poverty reduction and redress progress towards the achievement of the MDGs. Progress is therefore mixed. Jamaica advanced on eight of the 14 MDG targets for 2015. The country has already achieved the reduction of absolute poverty, malnutrition, hunger and universal primary enrolment. It is on track for combating HIV/AIDS, halting and reversing the incidence of malaria and tuberculosis, access to reproductive health and

provision of safe drinking water and basic sanitation. Progress is not on track in terms of gender equality and environmental sustainability and it is still lagging behind child and maternal mortality targets. Of concern is the significant increase of the proportion of the urban population existing in unacceptable living conditions or slums.

Already in 2004, the government of Belize launched a national action plan to accelerate progress towards the MDGs. This includes measures to build more widespread public awareness and support for the MDGs and the national action plan. In 2005 the government issued its first MDG report. As a key component of the action plan, it has since become a blueprint for Belize's ambition to integrate the MDGs into its national development planning process. Provided some policy adjustments can be made, the country is largely on track to achieve most MDGs by 2015.

The Dominican Republic risks not achieving the education MDGs due to the poor quality of education and the low level of adult literacy. Health problems persist, in particular related to preventable diseases, caused by poor living conditions in per-urban and rural areas with low levels of education and limited access to basic services. There is, however, a national plan to combat HIV/AIDS and the government is determined to accelerate progress towards the achievement of the MDGs.

In certain countries, available data are insufficient to make an informed progress assessment. This is the case for Guyana and Suriname. Guyana has sector strategies in place with regard to health and education but the latest MDG report, dating back to 2007, shows that quality and availability of data remain problematic. Suriname's multi-annual development plan established in 2005 includes a number of development targets and baseline data but no official statistics have been released since. There are indications that the prevalence of non-communicable diseases is increasing but successes have been recorded in combating malaria. An updated MDG report is expected shortly.

#### 2.2.2.4. Implementation

Up to the end of 2009, 13 annual action programmes were approved for the Caribbean region under the 10<sup>th</sup> EDF, totalling €333 million. The use of budget support increased further in the Caribbean during 2009. General budget support and sector policy support programmes accounted for 16% of the new programmes approved in 2009. Of EDF commitments, 13% were devoted to general budget support, 60% to transport and 12% to government and civil society programmes. Payments under the 10<sup>th</sup> EDF in the Caribbean region totalled €274 million. From the EU budget, six Caribbean countries benefited from accompanying measures to diversify their economies and/or increase the competitiveness of their sugar industries following the reform of the EU sugar market. In 2009, these countries received €69 million in commitments and €49 million in payments. Moreover, the Caribbean received significant support under the Special Framework of Assistance for Traditional ACP Suppliers of Bananas: €42 million were paid in 2009. These funds are contributing to the diversification of the local economies and assisting the seven beneficiary countries (Belize, Dominica, Grenada, Jamaica, St. Lucia, St.

Vincent and the Grenadines, and Suriname) to cope with the effects of the changes in the banana market. For further details →2.3.6

The year 2009 saw the adoption of additional financing in favour of Haiti, notably through specific instruments linked to the rise in food prices and the global economic crisis. General budget support operations in Haiti were topped-up by additional commitments amounting to €43 million from the Food Facility, the 10<sup>th</sup> EDF and the V-FLEX instrument. Moreover, a pilot project of €1 million aiming to support micro-finance in the agricultural sector was approved in 2009.

Following resumption of cooperation with Cuba at the end of 2008, the Commission carried out the identification and formulation of programmes in record time. Activities are funded by specific allocations earmarked for Cuba under the different thematic programmes and the Food Facility. The programmes cover several areas, such as food security, climate change and renewable energy, jointly identified as priority sectors with the Cuban authorities. Already by April 2009, eight actions for a total amount of €29.6 million had been adopted. An additional allocation of €3.5 million under the food security thematic programme was adopted in 2009, bringing the total commitment of funds in 2009 to €38.5 million. Further interventions for a total amount of €8 million were introduced in the decision circuit for adoption in 2010.

In Grenada, a large water supply project took off, while the rehabilitation of several schools was completed. The timely disbursement of budget support (including additional funds from V-FLEX) was instrumental in allowing the government to balance its budget and to maintain priority social expenditure. The EU revived the implementation of budget support programmes in Guyana towards the end of 2009. The Government's focus and commitment to low carbon strategies and measures related to climate change has been matched by an additional allocation of sector budget support from the Global Climate Change Alliance.

#### **Case study: Jamaican north coastal highway road**

The rehabilitation of a 117 km section of the Jamaican North Coastal Highway Road between Ocho Rios and Fort Prospect was completed with an EU contribution of €80 million. Driving conditions have improved significantly and the average travelling time from Kingston to Port Antonio has been halved.

In Barbados, budget support for the ICT sector – a top priority for the country – commenced while budget support to reform the health sector came to an end. In Saint Kitts and Nevis, the strong efforts put into enhancing dialogue on national strategies, macroeconomic management and public finance management paved the way for faster disbursements of funds, which should greatly assist the country to fight the effects of the global economic crisis. The construction of a new national hospital in Saint Lucia started in early 2009 and all parties are making efforts to realise this complex but greatly needed project.

#### **Case study: Tourism development in Saint Vincent and the Grenadines**

The project provided over €2 million to the local economy, paying for local contractors and materials for creating various tourist facilities ranging from nature trails to jetties. A community approach was used in the development of the tourist site facilities and

management systems. This approach commits communities located in the proximity of the 14 tourist sites to their continued development and effective management as well as of the other sites and attraction identified for future development.

The 10<sup>th</sup> EDF regional programme, signed in November 2008, pays particular attention to establishing a Caribbean single market and economy, to achieving maximum benefits from the Economic Partnership Agreement (EPA) and to mitigating potential adverse effects of the adjustment process. Some 21 sector studies covering all areas of the EPA have been completed or are currently underway. By the end of September 2009, the regional authorities had developed a roadmap that identifies the region's policy priorities, the actions required for implementation and the institutions responsible. The roadmap will serve as guideline for donor activities over the coming years.

#### **Case study: Belize rural development programme**

The Belize rural development programme (BRDP) specifically targets the rural poor, in particular women, to increase their income, employment opportunities and profits. BRDP grants enabled a number of rural women to establish income-generating businesses benefiting the entire community. A project was implemented by 14 women from Concepcion village. Working under the guidance of BRDP, the group now produces affordable quality garment products for the local and regional market. The women from the Trial Farm group had been producing soya milk without appropriate facilities to satisfy health and food safety requirements. With the help of BRDP, they were able to construct a small building for their enterprise, procure the appropriate equipment and learn how to better organise their business. By 2009 the group reported full sales of soya milk and different types of goods produced from by-products. Both groups received grant funding from BRDP of roughly € 300 over a three-year period. The projects are not required to repay any of these funds but must submit reports and business plans. The group from Concepcion village now reports average sales of €175 per month during non-peak periods while the Trial Farm group reports an income of up to €700 per month.

#### 2.2.2.5. Results

More aid to the Caribbean was delivered, better and faster. Total EDF payments doubled from €125 million in 2005 to €286 million in 2009. Similarly payments for the accompanying measures for sugar increased from €8 million in 2007 (first year of operation) to €47 million, while payments from the special framework of assistance for banana suppliers increased from €8.5 million in 2005 to €43 million in 2009.

Although the use of budget support in the Caribbean region is on the rise, implementation continues to be challenging due to a number of factors. The amount of EU aid provided to the region from the above mentioned sources totalled almost €2 billion between 2000 and 2009. This amounts to €78 per capita for a total population of 25 million in the entire Caribbean region. The per capita amounts vary widely from €20 in the Dominican Republic to €1 346 in Saint Kitts and Nevis. Five countries received more than €500 per capita from 2000 to 2009. The combination of relatively high amounts for relatively small countries (only four countries in the region have a population above one million) have led to problems of absorption capacities in several countries.

Compared to other regions, only a limited number of donors are present with whom to coordinate initiatives. As most countries are middle-income countries and budget

support constitutes a smaller share of the budgets compared to assistance provided in other regions, it affects the actual leverage of the EU assistance and the case for an in-depth policy dialogue. There are also constraints on the beneficiary side, in particular on the small islands which have limited administrative capacities. Moreover, the absence of robust national and sector strategies as well as the lack of firm ownership have had a negative impact in some countries. In addition, showing progress on an annual basis in public finance management systems can be more challenging in middle-income countries than in countries where such systems are less advanced.

#### 2.2.2.6. Monitoring

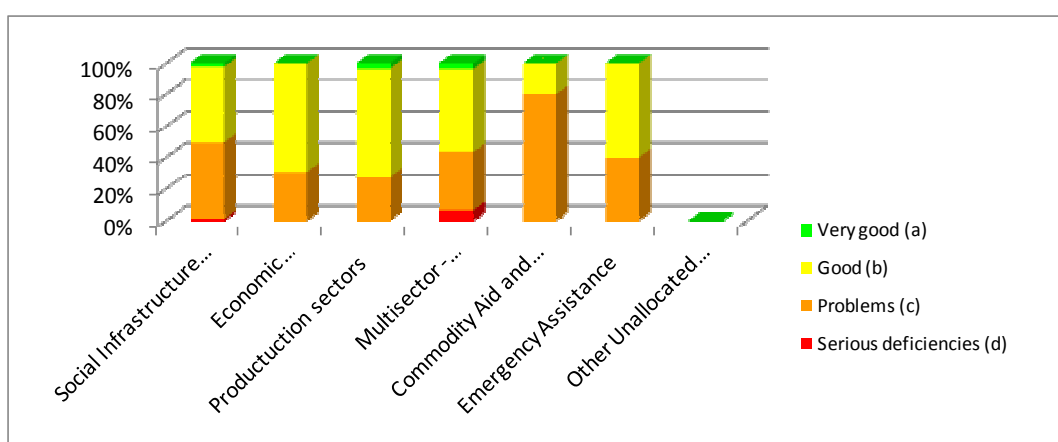
In the course of the seven missions carried out in the Caribbean in 2009, 68 projects and programmes in 18 partner countries and OCTs were monitored, funded both from the EDF and the budget for a total of €18 million. Of these, 56 projects were ongoing, while 12 were subject to *ex-post* monitoring. In addition, four ongoing regional programmes were monitored.

Based on the ROM criteria, the results show a very satisfactory performance of ongoing national operations with 73.2% falling into category II. However, analysis of the frequency of ratings reveals that although 84% of projects are highly relevant in their design, 78.6% show good future impact prospects and 60.7% potential sustainability, only 44.6% are assessed as effective and 37.5% as efficient.

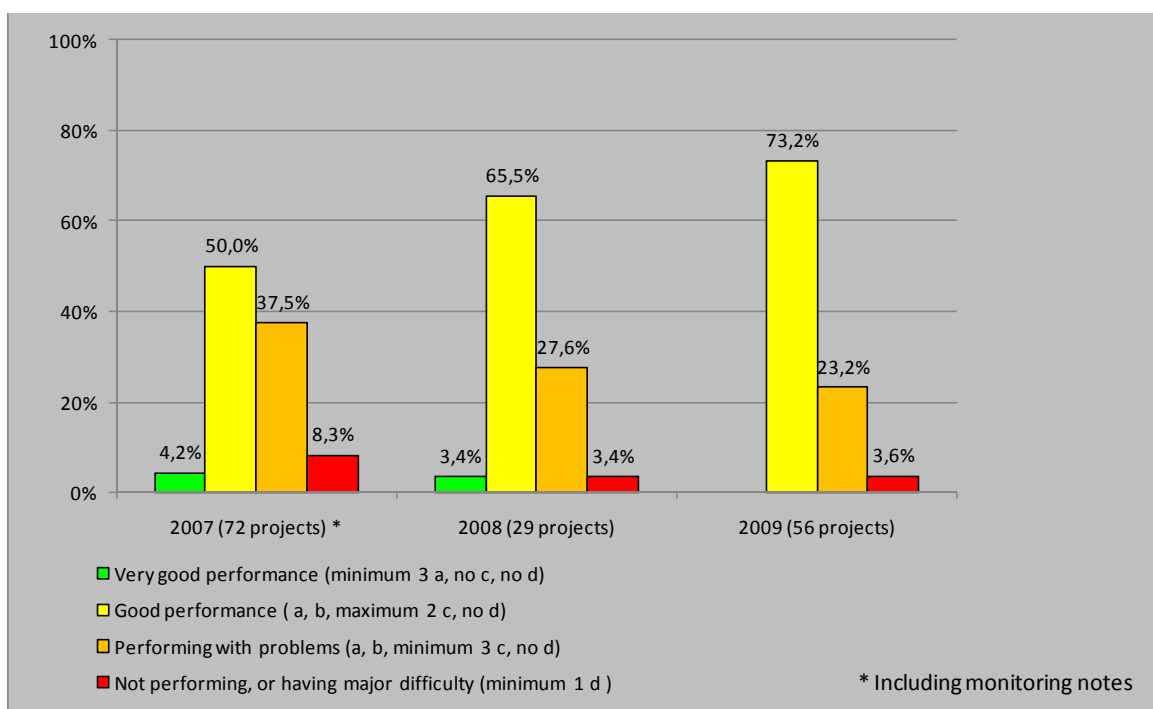
Results of ongoing regional operations are encouraging with 80% of them performing well. Although 75% of projects had a very relevant design and 100% had impact prospects and potential sustainability, only 50% showed sufficient efficiency and effectiveness. Low results in efficiency and effectiveness may be related to low implementation capacities in small island countries.

Results by ODA sector of ongoing projects (see table) reveal the best performance in economic infrastructures and services with 88.9% of the monitored projects performing well, followed by production with 83.3%. The sample of the other ODA sectors was rather small so that the results may not be considered representative.

**Figure 10: Caribbean - Performance per ODA sector**



**Figure 11: Performance of ongoing projects - Caribbean**



Even though results of the *ex-post* monitored projects may not be considered representative, the overall performance presents well: 75% of projects were assessed as effective and with relevant design; 67% of them had a real impact but only 58% of them bore good results in terms of efficiency and 41% in terms of sustainability. This may be due to poor institutional capacity, low ownership or lack of know-how and adequate training.

#### 2.2.2.7. Prospects

The eastern Caribbean countries were severely hit by the global financial crisis and some had to reduce priority expenditure. For this reason, the Commission received applications for support under the V-FLEX mechanism from eight countries in the region, including Haiti, Jamaica, Dominica and Grenada. The Commission responded positively to the requests from Grenada and Haiti at the end of 2009, granting an allocation from the 2009 funding. The establishment of the V-FLEX instrument has led to increased cooperation with the IMF in the region which is set to continue in 2010.

In Suriname, the policy dialogue with the government on the transport and infrastructure sector had to be revived in order to ensure that previous commitments would be met. However, the pace of implementation is not satisfactory. As a result, periodic joint assessment and evaluation exercises are foreseen to keep the implementation at a sustained pace. Moreover, policy dialogue needs to be enhanced in order to regularly assess progress and quickly identify solutions.

Building on the increasing experience with budget support, the implementation capacity of authorities can be expected to improve. The more formalised and structured approach being put in place will have a positive impact in the longer term. The more systematic use of the PEFA methodology (public expenditure and financial accountability) as a tool to assess public finance management performance, provides an excellent basis for enhancing dialogue on important public finance management

issues and improving existing systems. In spite of these initiatives, further guidance will be needed, in particular on sector budget support in non-traditional sectors, such as private sector and trade development.

### 2.2.3. Pacific

#### 2.2.3.1. Introduction

During 2009, the Commission continued to expand and intensify its action in the region. The EU is now a recognised player in the Pacific, engaging in a comprehensive and articulated programme of activities from the promotion of security, democracy and human rights to more intense and effective political dialogue (Articles 8 and 96 of the Cotonou Agreement), trade, climate change, development and humanitarian assistance. The relationship with Australia and New Zealand on Pacific issues has also been boosted with numerous meetings at all levels to discuss and better coordinate initiatives. The effective support to the relief effort in the aftermath of the Tsunami in Samoa is an example of this coordination. A renewed partnership with the US is also being established which will result in greater approximation and coordination of activities in particular in the area of climate change.

As in previous years, the Pacific Island Forum which brings together all Pacific/Oceania leaders was the occasion to interact with the region and its countries. A number of important initiatives were launched on this occasion including: a mechanism for political dialogue with the Smaller Island States (SIS); an agreement to support a dedicated SIS programme for climate change; EU participation in regional initiatives in the area of aid effectiveness (the Cairns Compact) and infrastructure development (Pacific Regional Infrastructure Facility).

At individual country level, Fiji continued to be the main focus. The aim of the EU was to help restore democracy through the promotion of an inclusive domestic political dialogue. Unfortunately, due to lack of progress on a number of agreed measures, the country lost in 2009 €32 million from the sugar budget line. Fiji and Papua New Guinea signed an Economic Partnership Agreement with the EU. The Solomon Islands qualified for an additional €15.3 million from the vulnerability V-FLEX mechanism aimed at mitigating the impact of the global financial crisis. Timor-Leste also benefited from additional funding from the Instrument for Stability to further consolidate its remarkable political and security progress and Samoa and Tonga both received funding for tsunami relief.

European Commission President José Manuel Barroso welcomed the leaders of Micronesia and Vanuatu to the 2009 European Development Days, reflecting, *inter alia*, the importance the EU attaches to the issue of climate change in the region.

Climate change is and will remain at the centre of Pacific concerns. The EU, together with relevant international players, will need to increasingly engage with the Pacific region to ensure that adequate funding combined with effective absorption capacity will be in place to deal with the negative impact of climate change.



### 2.2.3.2. Aid effectiveness and donor coordination

Most ACP countries and all OCTs in the Pacific region are relatively small and isolated island states that depend on few development partners. Individual countries generally find it difficult to play a leading role in donor coordination, but 2009 saw a major breakthrough at regional level. In August 2009, the Pacific Forum leaders adopted at their annual meeting in Cairns, Australia, the Cairns Compact on strengthening development coordination in the Pacific. The key objective is to coordinate more effectively available development resources from both Forum island countries and development partners, measured against progress towards the MDGs. Development partners are urged to report on their efforts to reduce aid fragmentation, to reduce transaction costs and to improve aid effectiveness by greater use of partner country systems, multi-annual funding commitments, pooled funding, the delegation of aid delivery to lead donors and shared analytical work.

In addition, the Commission is part of a formal coordination process, which includes the region's main development partners, Australia and New Zealand, other bilateral donors and a number of multilateral agencies. Exchange of information and experience with regard to budget support to Pacific countries has been an essential part of this process.

At national level, the Commission has been promoting increased donor coordination and the principles of division of labour. Dialogue and coordination of top priority issues, such as energy and climate change, have been strengthened as well as the dialogue on thematic issues such as aid for trade or the Pacific Regional Infrastructure Facility. Effective coordination mechanisms have been established for core aid sectors at country level and joint analysis is working reasonably well. In Tonga, for example, a joint European Commission mission with the World Bank, the International Union for Conservation of Nature and the Asian Development Bank in April 2009 led to the Tonga Energy Roadmap for 2010-2020, with the aim of achieving a significant reduction of fuel oil use in Tonga.

In line with the EU backbone strategy on reforming technical cooperation, the establishment of parallel project management units has been largely avoided in the Pacific. Programme and project implementation is usually carried out by national authorising offices or through regional organisations using contribution agreements which allow these organisations to use their own systems of rules and procedures.

### 2.2.3.3. Working towards the MDGs

Current indicators suggest that a number of MDGs will not be met by many Pacific ACP countries and OCTs, particularly those related to halving poverty (MDG 1), reducing child mortality by two thirds (MDG 4), achieving universal primary education (MDG 2) and improving access to safe water supply and sanitation (MDG 7). Reducing poverty and hunger by half has so far seen the least progress among MDGs in the Pacific region. While some countries like Samoa and Tonga, are making reasonable progress, others like Papua New Guinea or Timor-Leste are seriously off track with regard to most MDGs. In Kiribati, some indicators even show deterioration. This is a serious situation, taking place as it does despite efforts by development partners to provide significant resources for investment in growth and services in the region. While there have been positive changes in the way

development partners and governments work together, there is still a need to further improve effectiveness through prioritisation, coordination, sound national plans, good governance and sustained dialogue. This is the challenge for the years ahead in order to improve the MDG achievement rate by 2015.

#### 2.2.3.4. Implementation

The year 2009 was marked by a consolidation and conclusion of ongoing cooperation programmes and the identification and formulation of new programmes and projects to be funded from the 10<sup>th</sup> EDF. A total of €3.5 billion under the 10<sup>th</sup> EDF was committed during 2009. At the end of the year, 10<sup>th</sup> EDF funding for projects in the water and energy sectors was approved for most of the smaller Pacific islands, absorbing a large part of their respective allocations. Implementation will start in 2010. The greatest share of EDF commitments in 2009 was devoted to the transport sector (22%) and general budget support (21%). Government and civil society accounted for 13% of the new programmes approved in 2009. Cooperation under the newly approved Annual Action Programmes will mainly focus on renewable energy and capacity building activities. The Commission's ongoing efforts have focused on sectors such as water, energy and rural development as well as support for institutional reforms and capacity building. Enhanced productivity in the fisheries and agriculture sectors, regional economic integration and capacity development for sustainable resources management are other important sectors.

With the exception of Fiji, where cooperation remained suspended during the course of the year, activities in the Pacific countries and OCTs continued. Fiji remained under the continued application of special measures in accordance with the provisions of Article 96 of the Cotonou Agreement. Full cooperation with Fiji will resume once the political situation returns to normal.

##### **Case study: Solomon Islands maritime infrastructure project**

The €8 million *Solomon Islands Maritime Infrastructure Project II* provides for the construction of seven wharfs and the rehabilitation of navigational aids. The construction of six wharfs was finalised in 2008. Indicators show some early benefits of the completed wharfs in terms of the increased frequency of shipping services and improved economic activities. The supply and installation of an additional 42 navigation lights and other equipment started in 2009.

Vanuatu is so far the only country in the region to receive budget support from the European Commission. In 2010 it will be followed by Samoa and possibly Solomon Islands. The latter was the only Pacific country to qualify for an allocation from the V-FLEX mechanism in 2009. However, a decision on the use of the allocation has been deferred to 2010.

##### **Case study: Timor-Leste rural development project (RDP)**

Assistance to Timor-Leste is focusing on rural development. In this multi-sector field, important progress has been made. The RDP II is currently in its third year and concentrates on improving agricultural extension, value chains, community development, forestry management and rural infrastructure (i.e. roads) in two districts. The €10 million RDP III under the 9<sup>th</sup> EDF is still in its initial phase, focusing on agriculture, agribusiness and rural infrastructure rehabilitation in Manufahi district. The objective is to contribute to the

development of national policies and strategies in selected areas while establishing associated activities in Manufahi district to act as a development model. The project also develops the capacities of partners and target groups and envisages the improvement of farming techniques so as to raise productivity. By using the 'lessons learnt' approach and by concentrating on only one district, the project provides promising opportunities for achieving significant impact.

As concerns regional integration, the 10<sup>th</sup> EDF regional allocation was partially committed in 2009, targeting three different initiatives in the area of sustainable management of natural resources. In December 2009, the Commission approved a regional programme totalling €21.9 million to foster the governance and use of living and non-living marine resources of the Pacific.

#### **Case study: Facilitating agricultural commodity trade**

Increased commodity trade is the main and often the only option for substantial economic development and ultimately poverty alleviation. *Facilitating Agricultural Commodity Trade (FACT)* is a pilot project targeting 14 Pacific countries. The programme is assisting selected commercial ventures and producers to become export-oriented and market-driven enterprises as well as increasing the quality and range of exports of agricultural forestry products. The improvement in the export competitiveness of commercial farmers in the Pacific is constrained by a lack of information and training. They also lack financing in order to upgrade equipment and post-harvest facilities. The project has provided 14 selected agriculture and forestry enterprises and farmers' ventures with commercial viability analysis as well as supply chain and marketing systems' analyses. It also provided for technical interventions improving quality assurance, post-harvest and marketing systems. The project also facilitates closer cooperation between governments and the private sector, improving communication and information exchange along the commodity value chain and supporting fairer trade arrangements for Pacific Island agriculture and forestry producers and exporters.

Papua New Guinea and Fiji signed an interim Economic Partnership Agreement with the EU in 2009. Under the agreement, all imports from Fiji and Papua New Guinea have duty-free and quota-free access to the European market. Fiji will remove customs duties on 87% of its imports from the EU over the next 15 years and Papua New Guinea will liberalise 88% in the first year. This interim EPA is a stepping stone to a future comprehensive regional agreement with all ACP countries in the Pacific region, covering not only trade in goods but also trade-related rules and comprehensive cooperation to promote trade and investment.

#### 2.2.3.5. Results

European aid delivered to the region has generally contributed to enhancing livelihoods, thereby alleviating poverty and improving living conditions. One example is the support for energy initiatives in Micronesia, Marshall, Niue, Nauru and Palau, whose implementation is coming to a close. The project aimed at improving energy efficiency and renewable energies. It has contributed to the training of energy technicians from national utility companies and to improving each country's capacity to manage renewable energy systems. Particularly in the more remote outer islands, increased energy availability has provided more learning opportunities and small livelihood activities at household level. It also helped to improve the health-care situation as long-term storage of medicines or vaccines in dispensaries is now possible. Building local ownership and the capacity of local management systems was an integral part of the project implementation strategy.

Particular attention has been paid to supporting the governments in formulating their energy policies and devising accompanying environmentally friendly measures.

### 2.2.3.6. Monitoring

Six missions were carried out in the Pacific, monitoring 63 operations in 15 partner countries, funded both from the EDF and the EU budget for a total of €243 million. Of these, 56 projects still had on-going activities, while seven underwent *ex-post* monitoring. Ten ongoing regional programmes and their national components were also monitored.

Projects are measured under the ROM system as explained in previous sections of this document. The overall results for the Pacific show a satisfactory performance of ongoing country operations in 2009 with 64.3% falling into category II. Analysis of the frequency of ratings shows that 75% of the projects are relevant in their design, 82% show good future impact prospects and 58.9% good potential sustainability. 55.4% are assessed as efficient and 51.8% as effective. The weaker performance in terms of efficiency and effectiveness may be related to poor management of inputs, delays in the availability of resources and difficulties in the delivery of outputs according to plan.

Results of ongoing regional operations are positive in terms of overall performance with 69.5% falling in category II. 70% of the programmes had a relevant design and 100% presented good impact prospects. However, only 60% had good ratings for efficiency and effectiveness and only 50% were assessed potentially sustainable. This might be due to the fact that performance of regional programmes may vary considerably from country to country, even if the overall management is good. The difference may also be linked to insufficient implementation capacity of regional organisations.

Results by ODA sector of ongoing projects (see table) show the best performance scores in the areas economic infrastructure and services (76%), multisector and cross-cutting issues (72%), production (70%) as well as social infrastructure and services (62.5%).

**Figure 12: Pacific - Performance per ODA sector % of frequency of ROM scores**

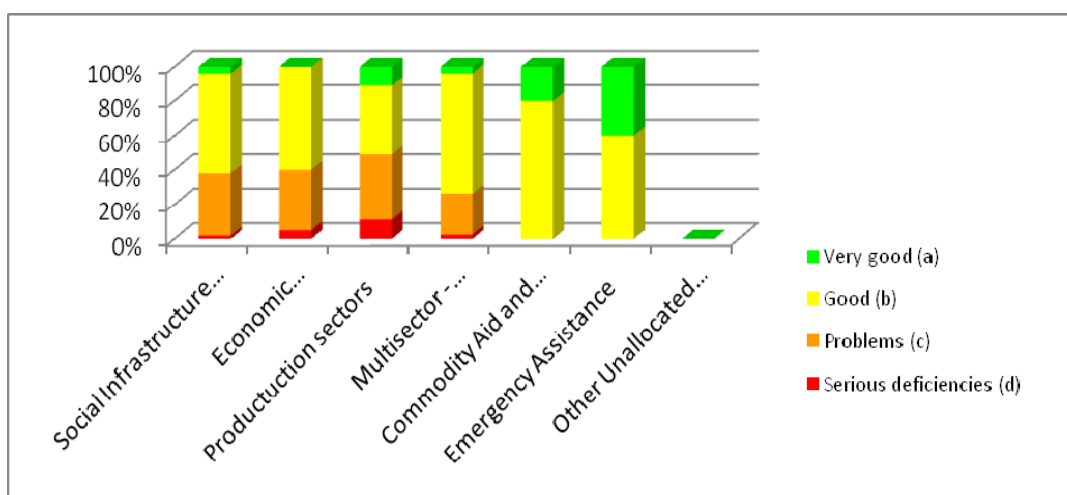
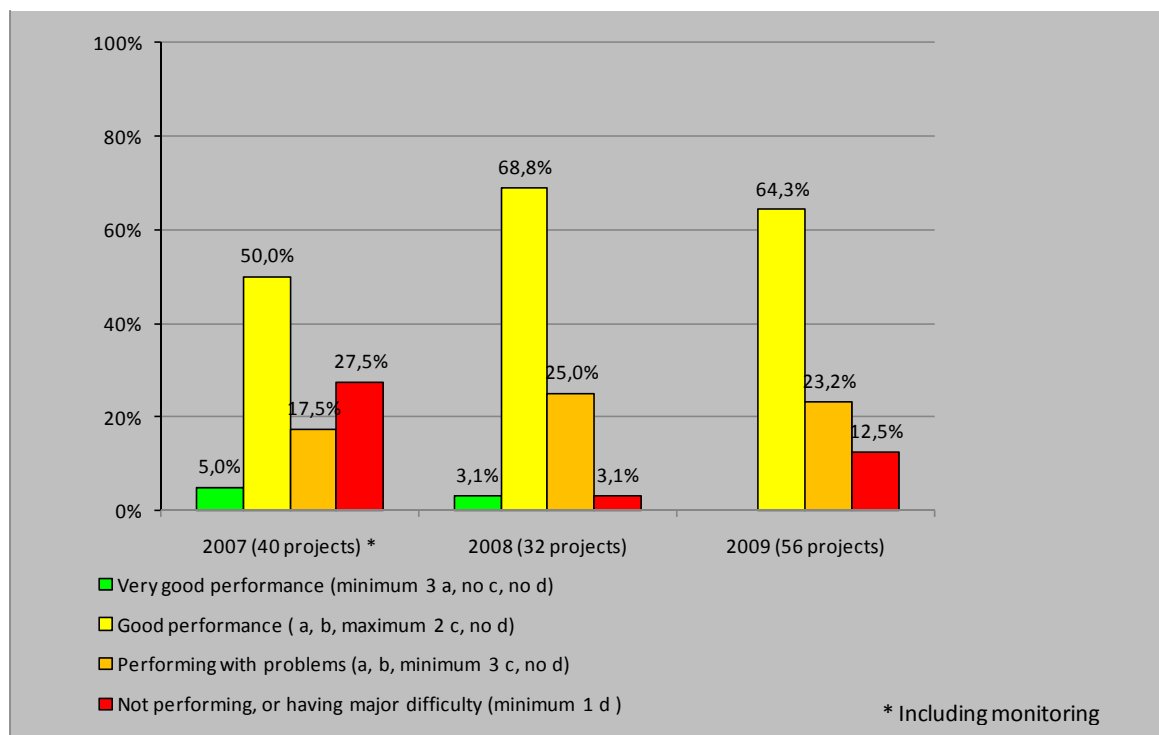


Figure 13: Pacific- Performance of ongoing projects



Even though less representative due to the small amount of sample projects, the frequency of ratings of the operations subject to *ex-post* monitoring show best results in terms of effectiveness (71%), followed by 58% for efficiency and 57% for real impact and actual sustainability. The lower figures may result from poor institutional capacity, lack of ownership, know-how and inadequate training.

#### 2.2.3.7. Prospects

A challenge for the years to come will be the gradual move from project support to sector policy and budget support for aid delivery. This means an increasing percentage of aid flows will be channelled through national treasuries, in line with the Paris and Accra commitments on aid effectiveness. For this reason, a number of analytical studies will be needed to verify various countries' eligibility to receive budget support from the EU and an increased cooperation, particularly with the IMF, regarding monitoring of national developments. The EU Delegations in the region will increasingly focus on policy dialogue and reporting on macroeconomic developments as well as issues related to the management of public finances.

Adjusting the EU's response to the challenges the Pacific islands are facing as a result of climate change will be one of the major tasks ahead. Already now, the EU is providing financial support to the University of the South Pacific in order to better reply to formal and informal education needs in terms of climate change adaptation and mitigation strategies. Some of the countries in the region are also likely to benefit from funding from the Global Climate Change Alliance.

#### 2.2.4. Intra-ACP programmes

In 2009, the Commission continued to support the African peace and security agenda through the **African Peace Facility** (APF). An amount of €300 million was approved

for the period 2009-2011. In line with the priorities of the *Joint Africa-EU Strategy* and its Partnership on Peace and Security, the APF currently supports three capacity building programmes with a total budget of €35 million to strengthen the African peace and security architecture. As the first set of capacity building programmes will end in June 2010, an additional €5 million were earmarked to consolidate what has been accomplished since 2004. The funding of African-led peace support operations represents another core activity of the APF. The African Union Mission to Somalia (AMISOM) played a key role in maintaining security in Mogadishu as well as providing support to the transitional federal government in its efforts to stabilise the country. In 2009, the mission received an additional allocation of €80 million. The multinational force MICOPAX, deployed in the Central African Republic to consolidate peace and security, was allocated a further €15 million. An early response mechanism has been established to finance preparatory stages of peace support operations or initial steps of mediation processes, where urgent funding is required. A sum of €15 million was made available for this mechanism.

In addition to the APF, the €5 million support programme for the African Union seeks to deepen the AU-EU partnership and to strengthen the overall institutional capacity of the AU. It is also to reinforce the effective implementation of the partnership under the 10<sup>th</sup> EDF.

During 2009, 75 actions funded under the first ACP-EU energy facility progressed satisfactorily. It is projected to improve the lives of around seven million people. Another €200 million have been allocated to a new **Energy Facility** under the 10<sup>th</sup> EDF. Besides contributing to poverty reduction through the provision of energy services, the new instrument actively promotes the use of renewable energies to fight climate change. It also seeks increased participation from the private sector, together with a broader mobilisation of loan funding from European development banks through an innovative pooling mechanism. The first call for proposals of the replenished energy facility was launched in November 2009, concentrating on improved access to energy services, energy management and governance, while focusing on renewable energies and efficiency. For further details → 1.10

A new allocation of €200 million to the ACP-EU **Water Facility** under the 10<sup>th</sup> EDF was approved by the Commission in December 2009. The water facility contributes to improving water governance and management of water resources as well as to the sustainable development and maintenance of water infrastructure. It also helps achieve the water and sanitation MDG, which is to halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation. Following a stakeholder consultation process in 2009, guidelines were drafted for two calls for proposals to be published in 2010 to address the above-mentioned objectives.

Core components of the €25 million **Migration Facility** in favour of regional and national institutions as well as civil society organisations were agreed in 2009, aiming to support ACP states with the management of intra-ACP migratory flows and their consequences.

The Annual Action Programme 2009 for intra-ACP cooperation under the 10<sup>th</sup> EDF, benefiting all ACP states, was approved in November 2009 with funding of some €800 million, including allocations for the energy and water facilities. It is part of a cooperation agreement between the European Commission and the ACP group of

states signed in March 2009 for a total of €2.7 billion. It represents 12% of the total resources of the 10<sup>th</sup> EDF. It covers the fields of climate change, infrastructure and networks, science and research, education and culture, trade and private sector development. These programmes will become operational from 2010. In addition to these 10<sup>th</sup> EDF resources, a series of 9<sup>th</sup> EDF projects are still being implemented.

The new **BizClim Facility** is a joint ACP-EU initiative financed under the 9<sup>th</sup> EDF to foster a business-enabling environment in ACP countries or regions by improving legislation, institutional frameworks and financial measures relating to the private sector and by reforming state-owned enterprises. It will be allocated €10 million and is expected to commence its activities in mid-2010.

ProInvest, one of the European Commission's largest support programmes for private sector development in the ACP countries with global funding of €10 million, has now established a solid project portfolio. At the end of 2009, 22 contracts were awarded worth €1.2 million through a series of calls for proposals. Through the EU/ACP microfinance programme, the Commission continued supporting the development of strong domestic financial systems that work for the poor. A new programme worth €15 million was approved in 2009 to ensure continuation of activities when the existing programme is phased out during 2010. The €50 million TradeCom facility continued to enhance capacity on trade policy issues, committing approximately €12 million for new projects in 2009. The Commission has continued its support for the Heavily Indebted Poor Countries initiative (HIPC) both as a donor and creditor. The contributions as a donor to the World Bank debt relief trust fund are used to fund the participation of the African Development Bank in the initiative. The Commission participation as a creditor has provided more than €21 million in debt relief to eligible HIPCs.

In the education sector, there are 66 ongoing projects under the Edulink programme, providing support to ACP higher education institutions. Support continued for the catalytic fund under the Education for All – Fast Track Initiative in favour of primary education (€63 million). An additional €18 million were allocated to allow ACP students to participate in the Erasmus Mundus partnerships programme. Significant progress has been made on the preparation of the new ACP academic and student mobility programme that will foster South-South cooperation. As part of EU support programmes for the ACP film and cultural industries, two calls for proposals were organised in 2009. As a result, 30 grant contracts for a total value of €8.7 million were signed by the Commission in 2009.

The **EU-Africa Infrastructure Trust Fund** significantly accelerated its implementation in 2009 by approving 13 new projects. This brings the total to 21 grant operations, amounting to €23 million and mobilising €1.7 billion for project financing.

#### **Case study: EU-Africa infrastructure trust fund**

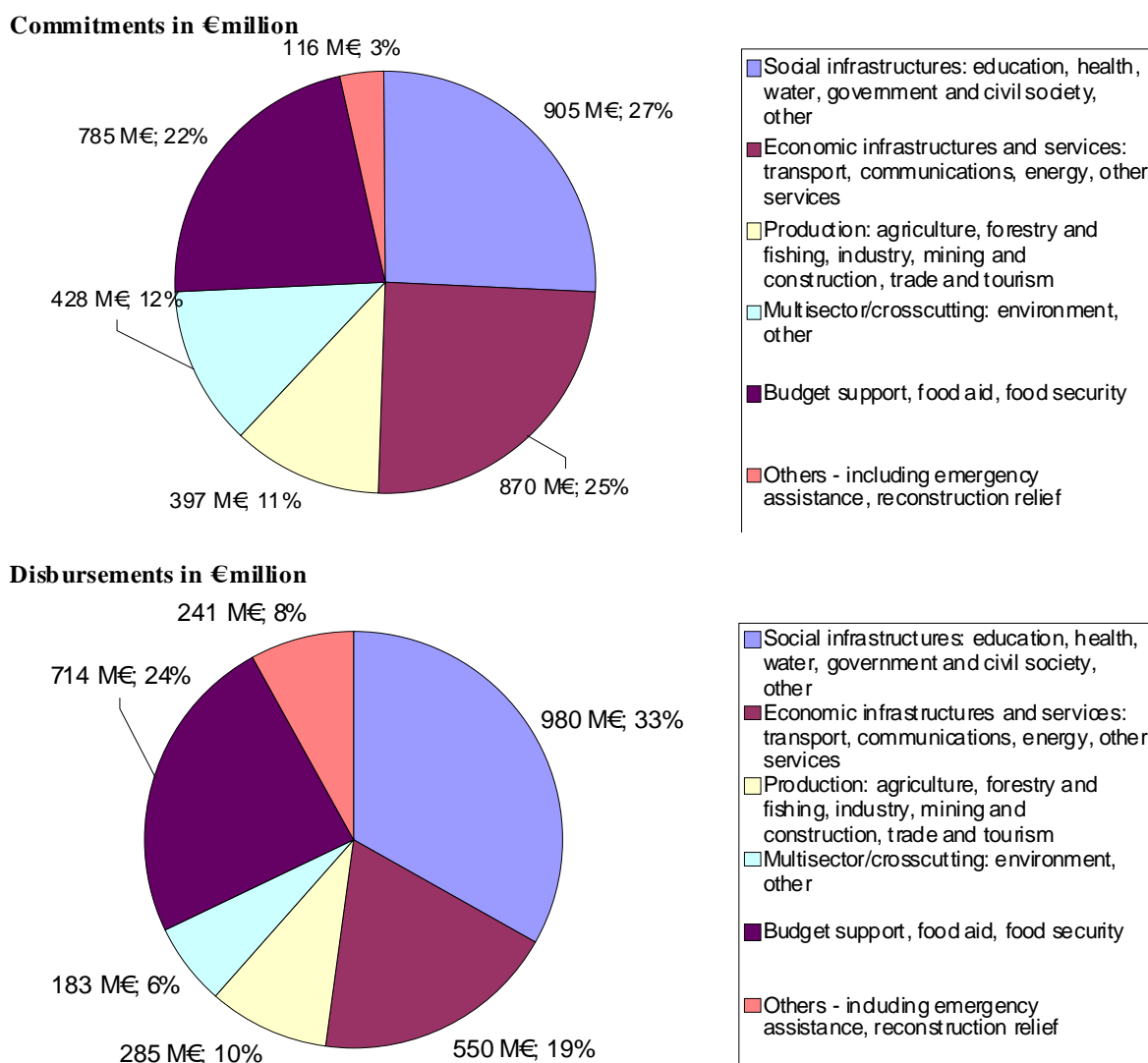
Improving infrastructure and infrastructure-related services are at the heart of reducing poverty, achieving sustainable economic growth, promoting regional trade and fostering regional integration. The EU-Africa infrastructure trust fund is an innovative financial instrument launched in 2007. It encourages the financing of cross-border and regional infrastructure projects in Sub-Saharan Africa in the energy, water, transport and telecommunications sectors, which facilitate interconnectivity and regional integration. The



trust fund combines grants from the European Commission and EU Member States with long-term loan finance made available by the European Investment Bank and EU development financiers, in partnership with the African Development Bank.

In the area of rural and agricultural development, the second and final tranche (€15 million) of the All-ACP Agricultural Commodities Programme was allocated to the implementing international organisations. A new sanitary and phyto-sanitary programme under the 10<sup>th</sup> EDF worth €35 million was approved, contributing to the improvement of the quality and conformity of the ACP fruit and vegetable sector and to the activities of the standards and trade development facility hosted by the WTO.

**Figure 14 EDF - Breakdown by sector of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2009**



Bilateral and Multilateral ODA. Excl non-ODA resources (Peace facility,...).



**Figure 15 EDF - Regional breakdown of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2009**

	<b>Commitments in € million</b>	<b>Disbursements in €million</b>
<b>Africa</b>	3 070	2 496
<b>Caribbean</b>	333	243
<b>Pacific</b>	87	57
<b>Overseas Countries &amp; Territories</b>	-	6
<b>ACP Unallocated</b>	11	150
<b>Total</b>	3 502	2 953

Bilateral and Multilateral ODA. Excl non-ODA resources (Peace facility,...).

**Figure 16: EDF - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Benin	GBS	Poverty reduction	General budget support- Poverty reduction (Stratégie de croissance pour la réduction de la pauvreté)	26,40
Benin	SBS	Road transport	Sector support programme in the area of transport (PAST)	25,00
Botswana	SBS	Education policy and administrative management	Human resource development sector policy support programme	60,00
Burkina Faso	GBS	General budget support	Poverty reduction budget support 2005-2008	5,42
Burkina Faso	SBS	Basic drinking water supply and basic sanitation	Sector support programme - Water supply and water sanitation (PAPS-AEPA 2009-2014)	50,00
Burundi	GBS	General budget support	Budget support programme - macroeconomic stabilisation	6,37
Burundi	GBS	General budget support	Budget support programme - economic recovery	14,33
Cape Verde	SBS	Multisector aid	Budget support- development of the Special Partnership	11,50
Central African Republic	GBS	General budget support	Support to economic stabilisation	12,21
Comoros	GBS	General budget support	Budget support programme socio-economic stabilisation	7,27
Congo (DRC)	GBS	General budget support	Budget support programme - economic stabilisation	22,62
Ghana	GBS	General budget support	Poverty reduction budget support (PRBS 3)	6,02
Ghana	GBS	General budget support	MDG Contract (MDG-C)	35,00
Ghana	SBS	Environmental policy and administrative management	Ghana - Natural Resource and Environmental Governance - SPSP	8,00
Grenade	GBS	General budget support	Poverty reduction through private sector development employment and growth	5,29
Guinea-Bissau	GBS	General budget support	Budget support - stabilisation	3,77
Guinea-Bissau	GBS	General budget support	Budget support - stabilisation 2009/11	11,18
Haiti	GBS	General budget support	Budget support programme	2,58
Haiti	GBS	General budget support	General budget support - National growth and poverty reduction strategy	5,00
Haiti	GBS	General budget support	General budget support - National growth and poverty reduction strategy	30,00
Jamaica	GBS	General budget support	Tropical Storm Gustav Rehabilitation	1,90
Mauritius	GBS	General budget support	Improved Competitiveness for Equitable Development	10,90
Mauritius	GBS	General budget support	Promoting Sustainable and Equitable Development	34,09
Liberia	GBS	General budget support	Budget support for macroeconomic stabilisation	20,20
Malawi	GBS	General budget support	Poverty reduction budget support programme 2	8,89
Malawi	GBS	General budget support	Poverty reduction budget support III	25,00
Mali	GBS	General budget support	Multianual programme - Support to the strategic framework- Poverty reduction	7,70
Mali	SBS	Agricultural water resources	Support Programme - Implementation of the Niger Office's contract plan (PAMOC-ON)	30,00
Mali	SBS	Decentralisation and support to subnational government	Support Programme - administrative reform, decentralisation and regional economic development	75,00
Niger	SBS	Food aid/Food security programmes	Support programme - food security	6,90
Mozambique	GBS	General budget support	Poverty reduction	12,11

Rwanda	GBS	General budget support	Budget support - poverty reduction	9,44
Rwanda	SBS	Agricultural policy and administrative management	Sector budget support for decentralised agriculture	20,00
Rwanda	SBS	Legal and judicial development	Sector budget support for the reconciliation, law and order sector	12,00
Samoa (Western)	SBS	Water resources policy and administrative management	Water and sanitation sector policy support programme	15,30
Seychelles	GBS	General budget support	Seychelles Economic Reform Programme	16,50
Sierra Leone	GBS	General budget support	Budget support- poverty reduction	6,42
Sierra Leone	GBS	General budget support	General budget support	12,00
Tanzania	GBS	General budget support	Budget support - poverty reduction 2006-2008	14,84
Tanzania	SBS	Road transport	Road transport sector policy support programme (TranSP)	70,00
Tanzania	GBS	General budget support	MDG Contract (2009/2015)	305,00
Togo	GBS	General budget support	Budget support - poverty reduction	15,00
Zambia	GBS	General budget support	MDG CONTRACT	30,00
<b>Grand Total</b>				<b>1.107,15</b>

GBS : General budget support

SBS : Sector budget support

## 2.2.5. OCTs

### 2.2.5.1. Introduction

In accordance with part four of the EU Treaty, OCTs are closely associated with the European Union. The purpose of this association "shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Union as a whole."

The original list of OCTs included countries and territories which have since become independent and sovereign countries located in Africa, in the Caribbean and in the Pacific. Consequently, a parallel has been established between the association linking the OCTs to the European Union and the relations between the ACP countries and the EU.

Nevertheless since 2003, the OCTs and the four Member States with which they have special relations have been calling for a better recognition of the OCTs specific status and suggested building a new relationship with the OCTs based on their close link with the EU. An overall review of relations between the EU and the OCTs was proposed, including a possible substantial revision of the detailed rules and procedures governing the OCT-EU association.

As a first step, the Commission published a green paper on 25 June 2008 to launch discussion of the opportunity of replacing the current OCT-ACP parallelism by an innovative partnership strategy for the OCTs tailored to their specific status and situation, based on the close link and solidarity between the OCTs and the EU.

Based on the outcome of the public consultation launched by the Green Paper, the Commission published a Communication on 6 November 2009. This set out the

Commission's standpoint on the essential elements for establishing a new partnership between the EU and the OCTs. The intention of the Communication is to suggest more focused cooperation, to concentrate on issues of mutual interest and to narrow the scope of cooperation accordingly.

Three central objectives have been identified: (i) to enhance the competitiveness of the OCTs, (ii) to strengthen their resilience and reduce OCTs vulnerability and (iii) to promote cooperation between OCTs and their regional, European and international partners.

The Communication provides a guide for the further work in replacing the current Overseas Association Decision when it expires on 31 December 2013.

Numerous issues will have to be studied including: impact of regional integration, principal challenges and the opportunities of each OCT, identification of their potential, their level of competitiveness, possible adaptation of the rules of origin, possible financing mechanisms. The technical studies relating to these subjects will be conducted in 2010.

Following the publication of the Communication, the Council of Ministers adopted a set of conclusions on 22 December 2009.

Cooperation between the EU and the OCTs is implemented via the EDF. In the current programming period 2008-2013, OCTs will have a budget of €286 million. The territorial allocations take the form of budgetary support while the regional allocation of €40 million will be implemented through a project approach.

Throughout 2009, the European Commission services worked closely with the OCTs on the programming of the 10<sup>th</sup> EDF which should be completed by the end of 2010.

#### 2.2.5.2. Implementation

A new Technical Cooperation Facility for €2 million under the 10<sup>th</sup> EDF covering all OCTs was approved in 2009. The Commission followed up a request from the OCTs to set up a bureau for the administrative management of EU-OCT cooperation and intra-OCT coordination in order to improve the management of EDF funds destined for the OCTs.

The 9<sup>th</sup> EDF territorial allocations for OCTs have come to their final stage of implementation. Three OCTs currently receive funds through budget support. In St. Pierre and Miquelon, the ongoing sector support programme for environmental and transport policies (€19 million) will enter its last year in 2010. Sector budget support for infrastructure development in St. Helena and the dependencies Ascension and Tristan da Cunha Islands will run until 2011. The €4.5 million sector budget support programme for trade development in the Falkland Islands ended in 2009. Preparations for the programming of the 10<sup>th</sup> EDF allocations are ongoing.

In all Pacific OCTs, apart from New Caledonia, implementation has been slow and the preparation of new interventions under the 10<sup>th</sup> EDF is much delayed. Even though the Association Agreement for the Pacific OCTs does foresee a move towards budget support as the preferred form of aid delivery, none of the countries, apart from New Caledonia, is yet eligible.

Support for Greenland from the EU budget continued for the third year with a disbursement of €7 million in budget support for the education and vocational training sector. This contributes to the government's efforts to raise the education level of the Greenland workforce in view of enhancing economic development and improving living conditions.

In the Caribbean, all seven OCTs started to benefit from the €5 million regional risk reduction initiative funded by the EDF and implemented by the UNDP and the Caribbean Emergency and Disaster Management Agency. The programme will assist the OCTs to develop local capacities and provide them with tools, such as spatial data infrastructure and models as well as best practises to support comprehensive disaster management.

Anguilla, Montserrat and the Turks and Caicos Islands benefit from sector budget support under the 9<sup>th</sup> EDF. Progress was limited in 2009 as only the second tranche (amounting to €4 million) of the trade in services sector programme in Montserrat could be disbursed. In the Turks and Caicos Islands, no disbursement was possible due to the government's inability to meet any of the agreed indicators on improved public finance management. It was decided to mobilise technical assistance of up to €2 million to assist the government in implementing the necessary reforms. Aruba, the British Virgin Islands and the Cayman Islands receive project support. In Aruba, projects for the National Museum (€4.5 million to renovate buildings) and the National Park Arikok (€7 million for new infrastructure) were completed and opened in July 2009. On the Cayman Islands, a €7 million project for housing reconstruction following Hurricane Ivan, which caused major damage in September 2004, was completed. Some 300 houses for low-income households were repaired and 50 houses rebuilt. Delegation agreements were concluded for two infrastructure programmes in the Netherlands Antilles, receiving an overall contribution of €44 million.

#### **Case study: The National Museum and the Arikok National Park in Aruba**

On 26 July 2009, the revamped Aruba National Archaeological Museum and Arikok National Park were officially inaugurated. The museum complex, to which the EU contributed €4.5 million, offers an authentic glimpse into 5 000 years of regional history in a complex of restored colonial-type buildings and a modern state-of-the-art section for ancient artefacts. The EU contributed €7 million to the Arikok National Park's three-year makeover, rehabilitating roads and paths for visitors as well as installing a wind turbine and solar panels that make the site a landmark for innovative energy management. The park occupies 18% of Aruba's landmass and is home to countless indigenous flora and fauna. In addition to local visitors, both museum and park are anticipating an estimated 829 000 visitors and 578 000 cruise ship passengers per year. The museum and park are expected to become financially self-sufficient in 2013.

Only limited progress was made in programming 10<sup>th</sup> EDF resources. Although PEFA-based assessments on public finance management were successfully concluded for Anguilla, Aruba and Montserrat, no final agreement could be reached on budget support programmes in other OCTs. For the Turks and Caicos Islands, project support is now being discussed to assist in the reconstruction efforts following the damage caused by Hurricane Ike in 2008. The 10<sup>th</sup> EDF programmes for all Caribbean OCTs are expected to be finalised in 2010.

## 2.3. Development Cooperation Instrument

Launched in January 2007, the Development Cooperation Instrument (DCI) replaces a wide range of geographic and thematic instruments which was created over time.

The DCI covers three components:

1) geographic programmes supporting cooperation with 47 developing countries in Latin America, Asia and Central Asia, the Gulf region (Iran, Iraq and Yemen) and South Africa.

2) thematic programmes benefiting all developing countries. These programmes support actions in the following fields:

- investing in people;
- environment and sustainable management of natural resources including energy;
- non-state actors and local authorities in development;
- food security;
- migration and asylum.

3) programme of accompanying measures for the 18 ACP sugar protocol countries, in order to help them adjust following the reform of the EU sugar regime.

### 2.3.1. Asia

#### 2.3.1.1. Introduction

EU-Asia relations continued to expand during 2009. The European Union's overall objective has been the pursuit of an increasingly close relationship with Asia by going beyond traditional cooperation, to economic integration and deeper political cooperation.

The strategic framework for the Commission's actions in Asia is based on the Commission's Communication *Europe and Asia* of 2001, which concentrates on the following themes for EU-Asia cooperation: political and security issues, economics, development, energy security, climate change/environment as well as socio-cultural affairs and regional integration within ASEAN. Cooperation and policy approaches with Asian sub-regions and countries have been developed through a series of follow-up Communications on south-east Asia, India and China. Asia is characterised by a tremendous diversity in terms of political, economic, security and social systems. Although Asia made progress during 2008 towards the achievement of the Millennium Development Goals, poverty remains a significant challenge; the region is still home to two thirds of the planet's poor people. In addition, the global financial crisis is impeding progress towards the MDGs. Nevertheless, Asia has become Europe's main trading partner, accounting for a third of Europe's total trade flows and a third of its investment abroad. Strengthening EU-Asia relations continued therefore to be one of the EU's external policy priorities during 2009. The EU has been fostering dialogue and cooperation with all Asian partner countries and numerous sub-regional partners and policy fora, such as the Asia-Europe Meeting (ASEM), the Association of South-East Asia Nations (ASEAN), the ASEAN Regional Forum (ARF) and the South Asian Association for Regional Cooperation (SAARC).

To further strengthen political and economic relations, regular summits took place during 2009, within the ASEM framework. The 9<sup>th</sup> ASEM foreign ministers' meeting, held in Vietnam in May 2009, built on the successful 7<sup>th</sup> ASEM summit (Beijing, 2008) and looked into enhancing Asia-Europe cooperation in addressing the

global economic slowdown, taking forward the elements of the Beijing declaration on sustainable development. The 1<sup>st</sup> ASEM energy ministerial meeting in Brussels in June 2009 was the opportunity to discuss a range of topics related to international energy policies, sustainable energy choices, and global energy markets and trade. In 2010, the 8<sup>th</sup> ASEM summit will take place in October in Brussels. In this context, the Commission will sponsor a high-level ASEM development conference in 2010 in Europe to address future development policy for Asia in the light of evolving economic and regulatory challenges.

The 11<sup>th</sup> China-EU summit was held in Prague on 20 May 2009. Both sides stressed that EU-China relations increasingly take on an international dimension and reaffirmed their active commitment to peace, stability, security, prosperity and sustainable development in the world. Discussions focused on bilateral relations, the global economic and financial crisis, climate change and energy security, as well as an exchange of views on regional issues. The Second EU-China high-level economic and trade dialogue mechanism (HLM) took place in Brussels in May. The presence of 14 Commissioners and Directors-General on the EU side and the Vice-Premier and a delegation of 12 ministers and vice-ministers on the Chinese side made it the largest high-level meeting between the EU and China outside the EU-China summits. The HLM will be followed up in the appropriate dialogues and working groups.

The 10<sup>th</sup> EU-India summit took place in November 2009 in New Delhi. Discussions centred on global issues such as strengthening the multilateral system, climate change and energy, international financial crisis and the global economy, food security and rural poverty, human rights, terrorism, disarmament and non-proliferation, and peace-keeping, in addition to regional and bilateral issues.

The first-ever EU-Pakistan summit took place in Brussels in June 2009. The leaders of the EU and Pakistan agreed on substantial measures to strengthen their mutual engagement by initiating strategic dialogue on their common commitment to development, education, science and technology, security, counter-terrorism, strengthening democracy, human rights and enhancing trade. The leaders reaffirmed their commitment to strengthen cooperation within the framework of the United Nations and in multilateral fora to address global concerns, including in the areas of development, environment, energy, disarmament and arms control, including arms trade and the non-proliferation of weapons of mass destruction (WMDs).

The new Action Plan for Afghanistan and Pakistan agreed by the Council in October 2009 gives the opportunity to help build an Afghan government responsive to the needs and concerns of the Afghan people as part of a coherent EU contribution within a coordinated international response. It also underlines that Pakistan should be a stable democracy free from terror and able to join with its neighbours in defence against these threats. The Action Plan builds on the commitments made at the EU-Pakistan Summit.

The European Commission is actively negotiating free trade agreements with India and countries of ASEAN, as well as Framework and Partnership and Cooperation Agreements with China and several ASEAN countries. In December 2009, EU Member States gave the green light to the Commission to pursue negotiations towards free trade agreements with individual ASEAN countries, beginning with Singapore.

To meet the development challenges that lie ahead and further deepen EU-Asia relations, the Commission has adopted 18 individual country strategies and a regional strategy, covering cooperation with Asia for the period 2007-2013. The budget for these activities is some €5.2 billion. Relevant multi-annual indicative programmes for 2007-2010 are being implemented and were the object of a mid-term review in 2008-2009. Related multi-annual indicative programmes for 2011-2013 are being prepared.

In 2009, the EU continued to use its cooperation instruments in a coherent manner through regular political dialogue, enhanced economic and trade cooperation and the efficient use of all financial instruments in place. The EU remains determined to strengthen multilateralism by working as closely as possible with the competent international organisations on cooperation with Asia, notably with the UN and its agencies, the Asian Development Bank and other international financial institutions and partners.

In parallel with the DCI-financed activities, preparatory actions have been launched for the third consecutive year in China and in India to support EU research and business activities, and for the second consecutive year in several Asian middle income countries. Progress has been made in developing coordinated calls for proposals in selected research fields of mutual interest. India launched a joint coordinated call on renewable energy (solar) with a total EU-India budget of €10 million. China issued a specific call on aeronautics with a total EU-China budget of €6 million.

#### 2.3.1.2. Aid effectiveness and donor coordination

The Commission has taken further steps to improve effectiveness of external aid in most countries in Asia. Progress has been most encouraging in countries like Bangladesh, Cambodia, Lao PDR and Vietnam, but also in Burma/Myanmar, where the Commission has played a key role in joint donor programmes such as the Three Diseases Fund and the education sector. For Afghanistan and Pakistan, the EU's Action Plan for enhanced EU engagement includes important sections on aid effectiveness. In Indonesia, the Commission started with Australia its biggest-ever sector budget support programme in Asia in the field of education.

New joint management implementation modes were initiated through transfer and delegation agreements. This procedure is to be applied to strengthen labour legislation in Bangladesh, school sector reform in Nepal, vocational education in Pakistan and the health sector in Vietnam.

In line with the major international commitments on aid effectiveness adopted in Paris and Accra, the Commission is promoting budget support and sector policy support programmes to improve aid effectiveness in Asia and Central Asia. It supports sector reforms through the country's institutions, thereby maximising ownership, leadership and responsibility of its partners. The Commission thus engages with the partner country in a reform- and results-oriented way through policy dialogue, and in coordination with other donors.

In 2009, 28% of the actions prepared for commitment in Asia were in the form of budget support. This represents a considerable increase over the 2008 level of 19%.



On MIP 2007-2010, in the Asian countries eligible for budget support, 64% of assistance is channelled through each country's own budget.

The focus of budget support programmes in Asia and Central Asia is to support reforms and efforts towards the achievement of MDGs, especially in education, health and to eliminate extreme poverty.

### 2.3.1.3. Working towards the MDGs

Despite the impressive growth by most countries in the region, Asia is still home to 600 million people living in poverty. The dynamic economic growth has not been inclusive enough, and has not sufficiently benefited the poorest members of the population. In China, which has succeeded in halving its poor population, 135 million people continue to live in conditions of extreme poverty.

As far as 2015 target on reducing poverty is concerned, Thailand, Malaysia, the Maldives and Vietnam are early achievers. China and Sri Lanka are well on track. The percentage of people living on less than \$1.25 a day, however, remains particularly high in Nepal (55%), Bangladesh (50%) and Lao PDR (44%).

Even countries which have experienced rapid economic growth in recent years are lagging behind on MDG 1 (eradicating extreme poverty and hunger), notably Cambodia, Mongolia, Pakistan, but also India and the Philippines despite their status as middle-income countries.

Combating social exclusion and poverty, promoting inclusive growth and building cohesive societies constitute therefore the keystone of the EU's development cooperation partnerships. Under the Development Cooperation Instrument, EU development cooperation has contributed to the progress of the Asian countries towards the MDGs.

Particular priority is given to the social sectors. 32% of funds committed in 2009 were allocated to health and primary and secondary education. In Asia, the EU is providing assistance to improve primary school completion rates and quality of education, alleviate child hunger (and malnutrition), and promote gender equality in secondary and tertiary education. In the health sector, the Commission supported programmes aimed at improving access of the poor to health services, with the particular goal of reducing infant and child mortality in south and central Asia and to improve maternal health in all sub-regions.

During 2009, budget support helped to mitigate the development impact of the financial crisis on MDG progress. In the majority of least developed and low-income countries, economic growth rates typically fell by 4-7% to around 0% to 3% which significantly constrained fiscal space for social spending and reforms. EU budget support programmes, generally implemented in partnership with other donors, have contributed to ensuring that governments were able to go on implementing vital overall and sector-specific MDG reforms.

The EU also pays particular attention to environmental issues by contributing to the replenishment of forest cover, lower CO<sub>2</sub> emissions and better access to safe water and sanitation in rural areas.

### **Case study: Asia Pro-Eco programme - implementing voluntary approaches for urban environmental management in China**

The project aims at improving energy efficiency and reducing industrial emissions and waste through the adoption of voluntary agreements between selected local governments and companies. Taking the example of Nanjing, voluntary agreements have been made with six companies from the cement, petrochemical, power, steel and automobile sectors. Thanks to this project, the cement factory was able to construct a power plant that now supplies two thirds of the factory's electricity based on the recovery of waste heat. The success of this power plant in reducing both energy consumption and costs led the factory to install this technology in other branches all over China. The six companies in Nanjing achieved a total energy saving of 18 petajoule, a reduction in sulphur dioxide of 9 259 tonnes and chemical oxygen demand pollution of 1 567 tonnes in 2008.

#### 2.3.1.4. Implementation

In 2009, €700 million were committed to Asia for policy and reform-oriented projects and programmes through beneficiaries' national institutions, many of them in partnership with other donors, including EU Member States.

##### *Eradication of extreme poverty and hunger*

In 2009, the EU maintained its commitment to help Asian countries eradicate extreme poverty and hunger (MDG 1), *inter alia*, by deploying food security programmes in Afghanistan, Bangladesh and Burma/Myanmar. In Bangladesh, for example, the food and livelihoods security project (€24 million allocated in 2009) contributes to the improvement of the food security of rural ultra-poor small farmers and rural day labourers and their dependants. Moreover, the project builds capacities of local government bodies, local non-governmental and community-based organisations. The RAHA programme in Pakistan will promote sustainable rural development in the refugee affected and hosting areas of Pakistan. Measures in favour of uprooted people, contributing to rebuilding livelihoods and rehabilitating infrastructure, were also put in place in Afghanistan, Bangladesh and Burma/Myanmar, as well as in Indonesia and Thailand.

##### *Support Health, combating HIV/AIDS and other diseases*

As far as health is concerned, €20 million was allocated to fight infectious diseases at regional level. Moreover, the Commission maintained its support for the health sector reform agenda of the government of the Philippines contributing €36 million to the Policy Support Programme II. The mid-term review confirmed the relevance of the programme and further support will be granted to achieve MDG 5.

##### *Achieve primary and higher education*

In Indonesia, the Commission helps fund basic education through the use of sector budget support (€44.5 million in 2009 to be followed by additional €56.5 in 2010). The joint EC-AusAID Education Sector Support Programme will support Indonesia's education strategic plan 2010-2014 policies and strategies nationwide. These seek to achieve equitable access to high-quality basic education, improved quality and relevance of basic education and improved governance and accountability. The Nepal school sector budget support aims to expand access and improve the quality of

student learning. In addition to basic education, this programme includes early childhood education, secondary education, vocational training and adult literacy. In Bangladesh, the Commission is providing further support to strengthening basic education in the Chittagong Hill Tracts. The regional Erasmus Mundus programme promotes education and research exchange for student scholarships, while the Tempus programme aims at modernising higher education systems and institutions. In Pakistan support for basic education is provided in the North-West Frontier Provinces while the TVET programme will address vocational training.

**Case study: Higher Education – student exchange under Asia and central Asia windows of Erasmus Mundus**

In the field of development cooperation, Erasmus Mundus aims to contribute to the sustainable development of third countries in higher education, and to promote inter-cultural understanding. Over the period 2007-2009 an allocation of just under €10 million was made to encourage student mobility between Asia and Europe on degree, masters, doctorate, and post-doctorate courses. To date, over 4 500 students and academic staff have benefited from being able to participate in courses run by universities in Europe and Asia. Furthermore, partnerships have been established between 23 consortia of universities in Asia and Central Asia for the promotion of student mobility.

*Improve governance and the rule of law, development, and poverty reduction*

The Commission contributed to the improvement of good governance and respect for human rights and the rule of law in a large number of Asian countries. The Commission deployed programmes to strengthen the rule of law and security in Indonesia. It also supported dialogue on governance in the Philippines and in Vietnam. It sustained policy dialogue and public administration in China; and contributed to improve public financial management in Bangladesh and governance and human rights in Cambodia and Lao PDR. In Sri Lanka, the Commission supported internally displaced persons, both as regards restoring livelihoods as well as protecting rights. Since 2007, support for public finance management has been provided to Bangladesh, Cambodia and Lao PDR. In Pakistan, it went on education sector budget support. A total of €10 million was committed in 2009 to support the electoral process and to provide regular and accountable remuneration to the Afghan national police in order to strengthen law and order in Afghanistan.

*Strengthening poverty reduction through economic development and social cohesion*

The EU is committed to promoting sustainable growth through economic and trade development and improving social cohesion in order to deliver higher incomes, thus impacting significantly on poverty reduction. The Commission is enhancing trade capacity in Bangladesh, China, India, Indonesia, Lao PDR, Pakistan, Philippines, Thailand, Sri Lanka and Vietnam and, at the regional level, in ASEAN. ASEAN received support in the areas of air transport, intellectual property rights and for its Free Trade Agreement (FTA) negotiations. The Commission funded multilateral trade policy assistance projects in Vietnam, and successfully supported the ministries involved in the WTO accession process. It enhanced the role of small and medium enterprises (SMEs) in order to attain sustainable economic and social development in Asia through instruments like the Switch regional programme, which promotes sustainable consumption and production.

**Case study: Trans-Eurasia information network (TEIN3)**

TEIN established a high-capacity internet network that enables researchers and universities in less developed countries in Asia to gain access to technologies, knowledge and research data from their bigger Asian partners or the EU. Countries like Cambodia, Vietnam and Nepal benefit from access to medical data through telemedicine. The Philippines obtains advice on typhoon predictions from German meteorologists. And Indonesia uses earth observations for fire watching. At the end of 2009, the project welcomed six new countries – Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka.

*Protecting the environment and promoting clean energy*

Environmental cooperation with China took a major step forward with a large programme to support a clean energy centre and an Institute for Clean and Renewable Energy (ICARE), and to promote environmental governance. New regional programmes concerning climate change and environment were prepared to promote Forest Law Enforcement, Governance and Trade (FLEGT) and Switch.

**Case study: Pakistan – Water management for thirsty crops**

With over 65% of its population directly or indirectly dependant on agriculture, the sector plays a crucial role in the economy of Pakistan. However, agricultural demand for fresh water is expected to outstrip supply by 2025 and the consequences of this on livelihoods, food security and ecology are a major concern. The project focused on reducing the need for water (through improvement of irrigation techniques) and decreasing the use of chemical fertilisers and pesticides. From 2006 to 2009, 28 000 farmers learned how to minimise pesticide use and better understand health and environment issues by attending courses on best management practices. As a result, farmers noted significant savings in production costs (30% in the case of cotton and 18% for sugar cane), thus increasing their profit margin. The more environmentally friendly approach reduced by almost 20% the need for treatment of skin and respiratory diseases of workers in charge of spreading pesticides (all of them women).

**2.3.1.5. Results**

Through its development cooperation activities, the Commission has maintained its commitment to help Asian countries to achieve the MDGs. Measures financed by the DCI in Asia contributed to alleviate extreme poverty, improve health systems, foster universal primary education and promote the use of sustainable sources of energy.

The Commission, for example, has substantially contributed to the achievement of MDG 2 (universal primary education) in Bangladesh through its participation in the second primary education development programme (see case study).

**Case study: Bangladesh - All girls to school: a key priority for the EU**

Thanks to the long-term support of the Commission and other donors, Bangladesh has made spectacular progress in alleviating gender disparities in primary and secondary education. MDG 2 to provide universal primary education has been reached. In 2003, the Commission contributed €105 million to the \$1.8 billion sub-sector-wide second primary education development programme (PEDP II). As a result, by the end of 2008: 20 000 new teachers were recruited; 40 000 new classrooms are under construction; 50 million textbooks are being printed and distributed every year. School management committees comprising parents

and teachers have been formed and local communities are mobilised to send girls to school. In addition, the Commission is a major contributor to non-formal primary education with NGOs, which also significantly helps to increase the number of girls going to school, in particular in poor and marginalised communities.

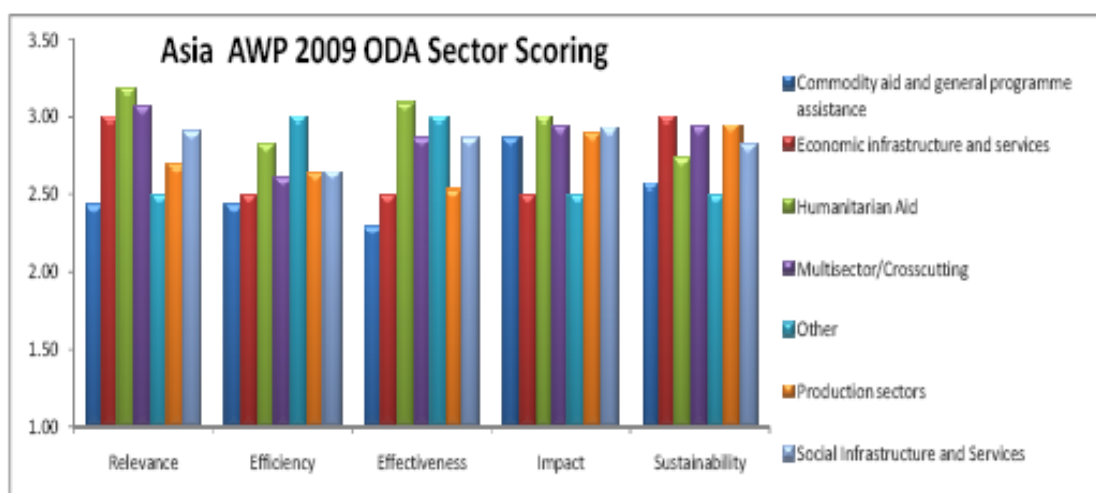
Furthermore, it has contributed to the eradication of extreme poverty and hunger (MDG 1) through its food security programmes in various countries (Afghanistan, Bangladesh and Burma/Myanmar) and financed rural, social and economic development programmes throughout Asia.

Beyond the achievement of the MDGs, the Commission has worked to improve good governance and respect for human rights and the rule of law. In Afghanistan, for example, assistance contributed to promoting the rule of law, in particular through further funding for the Law and Order Trust Fund which finances police salaries, as well as through work on border management and customs support.

At the same time, the EU is striving to make the management of its development cooperation activities more results-oriented, to respect international commitments on aid effectiveness, to apply the principles of division of labour between donors and respect the EU code of conduct.

### 2.3.1.6. Monitoring

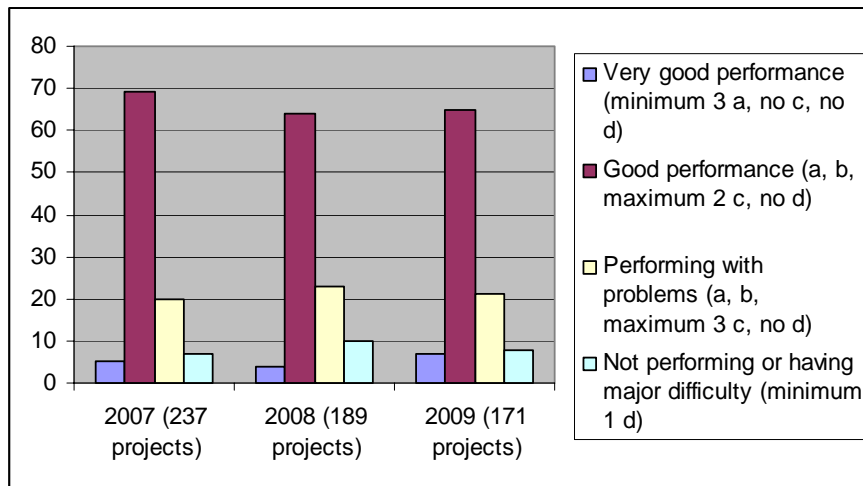
Figure 17<sup>50</sup>: Asia – Monitoring results by ODA sector



The result-oriented monitoring (ROM) report which evaluated the impact of external cooperation projects and programmes carried out in 2009 in Asia shows an average mark of 2.85 (max 4, min 1). This represents a slight improvement over 2008 (2.78).

Figure 18: Asia – Performance of ongoing projects 2007-2009

<sup>50</sup> AWP: Annual Work Plan. The data in the graph are taken from the Result Oriented Monitoring (ROM) Report which evaluated the impact of external cooperation projects and programmes carried out in the first half of 2009.



The final score is made up of five criteria. Compared to the average scores for Asia for 2008 all the five criteria improved. Relevance/quality of design of projects and programmes from 2.77 to 2.88, impact from 2.81 to 2.95, sustainability from 2.82 to 2.85, efficiency from 2.69 to 2.71 and effectiveness from 2.82 to 2.86.

#### 2.3.1.7. Prospects

In 2010, the EU will continue to use its cooperation instruments in a coherent manner through continued political dialogue, enhanced economic and trade cooperation and the efficient use of all financial instruments in place.

In order to comply with aid effectiveness commitments, the EU will strive to foster ownership by the beneficiary countries, through an increased use of SPSP, general and sectoral budget support, and to improve its coordination with other donors, and competent international organisations through a more effective division of labour.

Special attention will be devoted to implement the Action Plan for Afghanistan and Pakistan. In 2010, more than €65 million will be devoted, for example, to a rural governance and development programme in Afghanistan, while some €15 million will finance a natural resource management programme in Pakistan.

#### 2.3.2. Central Asia

##### 2.3.2.1. Introduction

The adoption by the European Council of a strategy for a new enhanced partnership with Central Asia in June 2007 with the common goal of achieving stability and prosperity by means of peaceful interaction has provided new impetus to regional and bilateral dialogue. It has also enhanced EU cooperation with the five countries concerned (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) on major issues such as poverty reduction, sustainable development and stability. The bilateral relations of the Central Asian republics with the EU have since developed positively, with the entry into force of the Partnership and Cooperation Agreement with Tajikistan and the PCA interim agreement with Turkmenistan in early 2010. At their cooperation council meeting in November 2009, the EU and Kazakhstan agreed to further strengthen their bilateral relations, calling for the review of the 1999 PCA with the aim of updating the present provisions or establishing a new agreement.

There is significant interest among the Central Asian countries for stronger relations with the EU. As a result, the EU can pursue its cooperation with a higher level of both political commitment and impact, as regards national reforms and key regional challenges.

The regionalised EU Delegations in Tajikistan and Kyrgyzstan (which so far have depended on the Delegation in Kazakhstan) have been upgraded and will operate as full EU Delegations by the end of 2010. It is planned to open an EU Delegation in Uzbekistan in 2010.

Strategy implementation is guided by regular meetings of foreign ministers. The latest meetings of the EU foreign ministers troika with Central Asia were in Dushanbe, Tajikistan, in May and in Brussels in September 2009.

Implementation of the EU strategy in its relations with Central Asia is advancing well across the board (energy, security, human rights and rule of law, environment/water, education etc) through cooperation projects as well as bilateral and regional dialogue, including human rights dialogues held with the five countries in 2009.

The Commission is playing a leading role in the strategy implementation process, including by the use of EU instruments (Partnership and Cooperation Agreements, increasing assistance, launching of new projects, opening of further Delegations, etc). The Commission is the 'lead coordinator' on the EU side on education. It cooperates closely with France and Germany, the 'lead coordinators' on the rule of law, as well as with Italy, the 'lead coordinator' on environment/water.

The leaders of Central Asian republics continue to mention the EU as their point of reference for the political, economic and social transition reforms in their countries. A number of issues regarding poverty reduction, rule of law and good governance, and economic and social reforms are best addressed by means of assistance at national level where lessons learned from the political, social and economic transformation of central and eastern Europe may be relevant in view of their shared experience of the Soviet system.

The Central Asian countries are unevenly affected by the food and economic crisis, with Kazakh banks most heavily affected and the economies of Tajikistan and Kyrgyzstan (the poorest countries) suffering from diminishing remittances. Uzbekistan and Turkmenistan, given the still relatively isolated state of their economies, have suffered less. In response, special EU assistance was granted to Kyrgyzstan and Tajikistan to improve food security in 2009.

EU assistance to the region has increased significantly to about €750 million for the period 2007-2013 (nearly double the previous level). The European Investment Bank has had its external mandate extended to cover Central Asia as well. The mid-term review of DCI programming is ongoing and advancing according to schedule. The draft indicative programme for Central Asia 2011-2013 has been prepared and was discussed during the last part of 2009 in advance of its formal adoption during the first quarter of 2010.

### 2.3.2.2. Aid effectiveness and donor coordination

During 2009, the Commission made further efforts to foster donor coordination and the implementation of the EU code of conduct on division of labour in Central Asia. In 2008, the Commission joined a group of donors establishing a joint country support strategy for the Kyrgyz Republic and for Tajikistan to support the respective national poverty reduction strategies. The strategy for the Kyrgyz Republic was adopted for the years 2007-2010 and the strategy for Tajikistan was endorsed in 2009 and covers the period 2009-2012.

In the Kyrgyz Republic, the establishment of lead donors in some sectors and cross-cutting themes is ongoing, but in 2009 donor coordination still remained a donor-driven process. However, at the end of the year, following the restructuring of the government, a new central agency on development, investment and innovation was established. It is expected that the agency will take over coordination of donor activities and increase country ownership.

Donor coordination in Kyrgyzstan and Tajikistan is very active around public finance management issues, an area in which the Commission supports a number of projects. In 2009 in Kyrgyzstan, the Commission joined a multi-donor trust fund on public finance management, managed by the World Bank, and involving also DfID, DECO<sup>51</sup> and SIDA.

On MIP 2007-2010, it is planned that 33% of bilateral aid committed to Kyrgyzstan and 35% of aid to Tajikistan will be delivered through budget support mechanism, thus using country systems and thereby increasing ownership.

However, the Central Asia regional programme and bilateral cooperation with Kazakhstan, Uzbekistan and Turkmenistan remain generally project-based, but attention is growing for increased donor coordination and progressive implementation of the Paris principles for aid effectiveness.

### 2.3.2.3. Working towards the MDGs

Kazakhstan, a middle income country and the most developed in the region, is well on track to meet most MDGs and has already achieved the first three (poverty reduction, access to primary education and empowerment of women). Kazakhstan has consequently adopted more ambitious objectives for those areas: the MDG+ targets. Although progress has been made in the Kyrgyz Republic and Tajikistan with regard to MDG 1 and MDG 2, these countries remain among the poorest in Asia according to the Human Development Index (HDI). Progress on HIV/AIDS prevalence has been made in Kyrgyzstan, Kazakhstan and Tajikistan. However, tuberculosis prevalence and infection rates have in fact worsened.

EU external aid under DCI contributes to the fight against poverty and to achieving the MDGs in the region by strengthening social protection, contributing to economic growth, either by enhancing private sector development, education or by fostering economic integration at the regional level. Support is also granted to improving

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<sup>51</sup> Development Consulting AS (DECO) was established in Oslo in October 1984



health management systems and to fighting infectious diseases. Attention is also given to environmental issues.

Key priorities for achieving the MDGs in Central Asia remain tackling child mortality, tuberculosis and HIV/AIDS, as well providing access to safe water and sanitation in rural areas.

#### 2.3.2.4. Implementation

The implementation of the MIP 2007-2010 for Central Asia put emphasis on strengthening higher education, governance, employment and social protection, and economic transition. The Commission has also committed funds to improve primary and secondary education, health, rural development and the sustainable use of natural resources including water and energy.

In 2009, the level of commitment to Central Asia reached €3 million.

In the area of higher education, the Tempus regional programme continued to support education reform, curricula development and university modernisation through partnerships between higher education institutions. Vocational education and training was also provided to help the population to access new opportunities in the growing and evolving private sector. Erasmus Mundus II - Action 2 Partnerships for Central Asia aims to develop human resources through student and academic staff mobility.

#### **Case study: modernising higher education in Central Asia under Tempus IV**

Tempus aims at modernising higher education in partner countries through improved governance, quality, relevance, and capacity of higher education institutions and their courses. Support goes on improving curricula, teaching methods, and introducing quality-assurance systems. Many of the modernisation reforms are inspired by the Bologna process of improving higher education in Europe. Over the period 2007-2009, €15 million were allocated. This enabled 18 projects to modernise higher education in Central Asia to be financed.

Under the previous Tempus III programme, targeted results were in the area of improving teaching/learning processes, upgrading curricula, developing new teaching materials, introducing modern technology and retraining teaching staff.

The Kyrgyz Republic and Tajikistan benefited from large sector budget support to reform the social protection systems. In Tajikistan, the EU is committed to improving food security. Kyrgyzstan received additional budget support in the midst of the food crisis to top up social benefits. In 2009, Central Asia also benefited from a €20 million programme to fight infectious diseases in Asia and Central Asia. Tajikistan also received support to enhance its health management information system.

Strengthening governance including judiciary reforms is a major concern for the Commission. Assistance has been provided in the Kyrgyz Republic and in Uzbekistan. The border management and anti-drug programmes (BOMCA and CADAP), continued to be implemented with the aim of making border controls more efficient in stopping drugs and any other illicit trafficking, while facilitating

legitimate border crossing, in particular for trade purposes. CADAP supported Central Asia governments in improving their analysis and capacity to address the drug problem.

**Case study: Central Asia border management and anti-drug programmes BOMCA and CADAP.**

In the framework of BOMCA and its sister programme, the EU-UNDP Central Asia Drug Action Programme (CADAP), 12 drug-profiling units have been established in all five central Asian countries, together with two drug rehabilitation centres in Uzbekistan and Tajikistan.

Within this framework, the EU fosters institutional reform promoting integrated border management, strengthens training capacities, improves the infrastructure along trade and transit routes, and helps counter drug smuggling in central Asia. This is complemented by the Border Management Programme for Afghanistan (BOMAF) programme that aims to help secure the Tajik-Afghan border.

The cumulative budgets of all five CADAP phases (2001-2013) are approximately of €1 million. BOMCA's cumulative budgets in 2003-2010 amount to €6 million.

At regional level, the Central Asia Invest programme promotes sustainable economic development of SMEs. In addition, Tajikistan will benefit from a specific support to private sector development committed in 2009.

In order to promote environmental sustainability, two regional programmes were launched to raise environmental awareness and support the use of sustainable energy within the framework of the Baku initiative on energy and transport and the Central Asia environment programme.

**Case study: Uzbekistan - enhancement of living standards in Fergana Valley**

The €8.3 million programme is being implemented by the UN Development Programme (UNDP). It runs from 2005 to 2010. So far 600 000 people in 231 communities have been supported and an additional 500 000 in 200 communities will be reached by the end of 2010. Access to drinking water increased by 30% in the project districts, which means that 295 000 people can now drink clean piped water. A total of 150 communities now have improved access to agri-consulting services. Consequently, living standards and health conditions of target communities improved, notably due to drinking water supply. Community development planning also improved and communities are now able to obtain additional funding elsewhere.

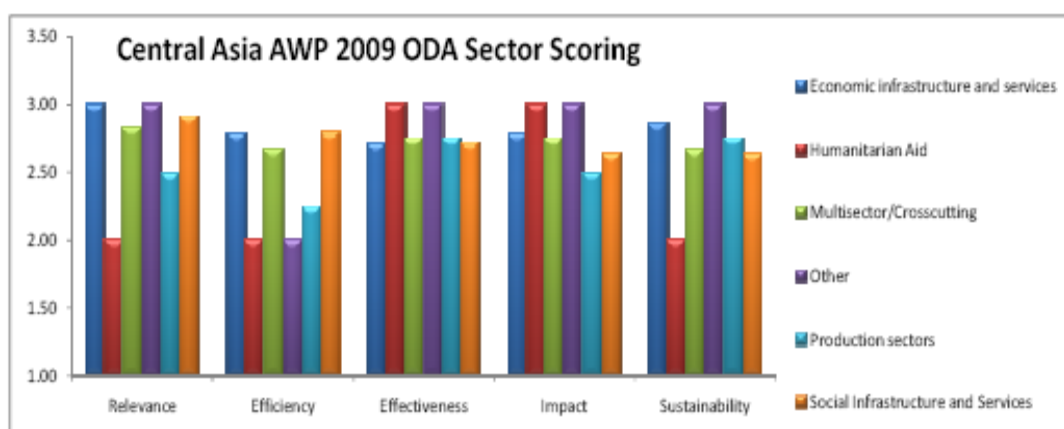
#### 2.3.2.5. Results

Through its development cooperation activities, the Commission has contributed to improve governance and facilitate economic transition in Central Asia. In the framework of support for public finance management in Kyrgyzstan, specific actions have been taken to strengthen the budgeting process, and modernise the internal control and audit systems. In Tajikistan, the Commission is supporting the public finance management reform strategy which encompasses an action plan adopted in March 2009. This follows earlier approval by Tajik authorities of the creation of a new body for independent external audit. With respect to efforts to improve social protection systems, Commission support for the Tajik social protection strategy

resulted, *inter alia* in the setting up of a system of non-residential social service institutions. In Kyrgyzstan, it has contributed to establishing the legal and institutional framework for social and child protection reforms, and strengthened the institutional capacity to manage their implementation. This has improved targeting and timely payment of social benefits, and improved social services support to vulnerable families and children. Furthermore, with its regional actions supporting higher education (e. g. Tempus and Erasmus Mundus), the Commission has helped people to make the most of new employment opportunities provided by a growing and innovative private sector.

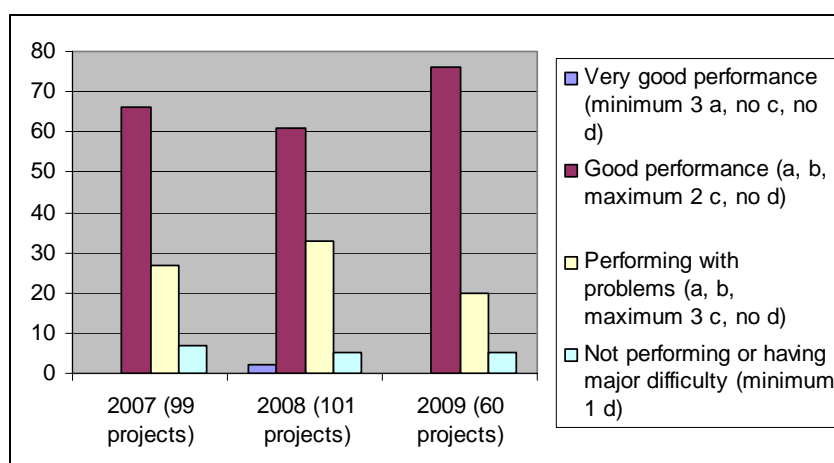
### 2.3.2.6. Monitoring

Figure 19<sup>52</sup>: Central Asia – monitoring results by ODA



Monitored projects were mainly implemented in four areas: social infrastructures and services, economic infrastructure and services, multi-sector and cross-cutting issues, and production sectors.

Figure 20: Central Asia – performance of ongoing projects 2007-2009



<sup>52</sup>

AWP: Annual Work Plan. The data in the graph are taken from the Result Oriented Monitoring (ROM) Report which evaluated the impact of external cooperation projects and programmes carried out in the first half of 2009.

The average scores for Central Asia for 2009 all show an improvement over those for 2008. Relevance/quality of design improved from 2.71 to 2.79; efficiency recovered from 2.61 to 2.67; effectiveness rose from 2.64 to 2.82; impact from 2.68 to 2.87 and sustainability from 2.66 to 2.75.

#### 2.3.2.7. Prospects

In the education sector, actions currently planned for 2010 include a programme to reform the Kyrgyz education sector combining budget support, technical cooperation and grants, and regional programmes in support of higher education (Erasmus Mundus, Tempus, CAREN, and technical assistance to the ministries of education). In the social sector, support is planned in Kyrgyzstan and Tajikistan (social protection). In the health sector, support is envisaged for Tajikistan. Under the central Asia regional programme, the Commission will promote the rule of law and will strive to strengthen the transport sector, while safeguarding the environment. Promotion of SMEs will continue through the Central Asia Invest II Programme. The regional energy programme for central Asia committed in 2009 will start the implementation phase in 2010.

The sound implementation of the MIP 2007-2010 and of the forthcoming MIP 2011-2013, will be reinforced when the regionalised EU Delegations in Tajikistan and Kyrgyzstan are upgraded to full Delegations in 2010.

#### 2.3.3. *Middle East*

##### 2.3.3.1. Introduction

The DCI covers three countries in the Middle East – Iraq, Iran and Yemen.

The continued positive – though certainly fragile – improvements in security in Iraq during 2009 enabled the Commission to move from emergency reconstruction activities towards long-term capacity building. Commission support in the medium term therefore will concentrate on the sustainability of Iraq's institutions, the improvement of management and civil service capacity and boosting the provision and quality of basic services (health, water/sanitation). The Commission has also continued its programme of rule of law assistance – ranging from building up judicial institutions and the machinery of human rights protection to support for NGOs providing citizens' rights and legal advice. This dovetails with the 'EUJUSTLEX' rule-of-law ESDP mission, whose mandate was renewed in 2009.

In parallel, the Commission continued to focus a significant proportion of its aid in support of the electoral process. The value of this was reflected in the successful holding of provincial and regional elections in January and July 2009, both of which also benefited from a small EU monitoring mission. Work also continued to assist internally displaced people and refugees in Jordan and Syria, so as to alleviate the increasingly difficult living conditions of displaced Iraqis. In November 2009, the EU completed negotiations for a Partnership and Cooperation Agreement with Iraq with the aim of signing in 2010. This agreement provides the first-ever contractual basis for EU relations with Iraq.

In Yemen, the general situation continued to deteriorate, with fighting in the northern governorates and more evidence of social unrest in the south. The EU resolved to

step up its engagement, to help prevent Yemen from state failure, again raising the planned allocation under the DCI budget line by around 20%. Importantly, the EU also worked up a strategic ‘overall EU’ approach to help Yemen tackle its multiple challenges. This covers dialogue with the government to push forward its political and economic reform agenda, broader and deeper assistance, including new work on security and counter-terrorism under the Instrument for Stability, and renewed attempts to engage with Yemen’s Arab neighbours in the interests of regional stability.

The EU continued to support the E3+3 negotiations with Iran in the hope that progress on the nuclear dossier would open the way for enhanced cooperation. Little progress was made. The Commission provided support for non-state actors through an Iran-specific call for proposals, as well as support for Iran as part of cross-regional cooperation to combat drug trafficking.

#### 2.3.3.2. Aid effectiveness and donor coordination

In the past, donor coordination in Iraq was done through the International Reconstruction Fund Facility for Iraq which is being phased out. Donors and international organisations are working out ways to move to bilaterally funded, yet coordinated programming and management. The recently created Iraq Partners Forum, serves to exchange information on individual initiatives and to agree on common approaches. Coordination with the government of Iraq is done through the Iraq Strategic Review Board and through regular meetings chaired by the Prime Minister’s advisory board in coordination with the ministry of planning and development cooperation. The Commission places great emphasis on coordination among donors as part of an Iraqi-owned strategy, and is therefore a major participant in all coordination efforts.

Yemen is a signatory to the Paris Declaration and is very committed to applying the aid effectiveness principles in the development of the country. It has created an aid harmonisation and alignment unit inside the ministry of planning and international cooperation and took an active part in all recent related fora, such as the September 2008 Accra meeting. The Commission has significantly contributed in recent years to the efforts by the government and international donors to coordinate aid work. Given the small number of international donors present in the country and the close relationship between them, coordination is done both through formal coordination channels and informal *ad-hoc* meetings.

#### 2.3.3.3. Working towards the MDGs

Iran, Iraq and Yemen are making some progress to achieve the MDGs by 2015. In Iran progress has been good in most indicators with main progress in the health and education sectors and in poverty reduction. The main challenges in Iran will be to promote gender equality and to combat HIV/AIDS, which has increased somewhat in recent years. There is also need for stronger efforts to ensure environmental sustainability.

In Iraq the main challenge is to improve the quality of life of the Iraqi population, with a particular focus on social protection and the quality of basic services. Political instability and insecurity pose serious threats to the attainment of the MDGs. Almost

half of Commission assistance to date has been allocated to basic services such as education, health, infrastructure and water and sanitation. The two main components of the 2009 assistance programme approved by the Commission in December 2009 centre on improving the access and the quality of the education system, with a focus on basic education and on technical and vocational education and training.

Yemen represents the biggest single development challenge in the Middle East. It is a country of deep-rooted tradition endowed with limited resources, notably scarce water, limited arable land and fast declining oil reserves. Yemen has experienced dramatic internal and external shocks in the last two decades. It is the only poor country in a rich Gulf region, ranked 153 out of 177 countries in the 2007 UNDP Human Development Index. Nearly 50% of Yemen's population is below the age of 15 and 45% of the population live on less than \$2 per day. In spite of this scenario, Yemen is in a good position to reach some of the MDGs by 2015. There has been good progress in primary education, although child mortality and maternal mortality are still very high, and gender inequality is one of the highest in the world. The Commission's support to Yemen concentrates on direct action on poverty reduction and progress towards the MDG in three main areas: food security, health and good governance.

#### 2.3.3.4. Implementation

The EU reconstruction aid to Iraq since 2003 amounts to over €27 billion. The bulk of the assistance until now has concentrated on support for good governance and the political transition process and in the delivery of basic services to the population. For security reasons, EU support was principally channelled through the International Reconstruction Fund Facility for Iraq from 2004-2007, a multi-donor mechanism established in 2004. From 2008 onwards, the EU and other donors decided to phase out the IRFFI, in recognition of the gradual normalisation of the situation and to focus on bilateral programmes.

The signature of the first financing agreement between the EU and the government of Iraq in March 2009 signalled the start of a new phase in development cooperation. The agreement concerned a large technical assistance programme which will provide training to several government services and to the Iraq council of representatives, and which is part of the €2.6 billion assistance programme approved in 2008. In 2009, the approved assistance programme of €42 million will focus on education (basic education and vocational education and training), electoral assistance and support for the independent human rights commission. This programme was developed in close collaboration with the Iraqi authorities, following extensive consultations with other donors and NGOs.

#### **Case study: Promotion of Human Rights culture in Iraq**

The two-year project entitled "Promotion of Human Rights Culture in Iraq through support to Human Rights and Iraqi Civil Society Organisations (CSOs)" was coordinated by two UN agencies (UNDP and UNOPS) and implemented by Iraqi and international CSOs. As part of the project a rehabilitation centre for torture victims was set up in Basra, creating a focal point for clinical and legal work, and human rights advocacy. Rehabilitation services were provided to 375 primary and 225 secondary victims of torture. The programme improved the skills of over 200 Iraqi legal, health and administrative professionals to deliver physical, psychological, legal and social rehabilitation services to torture victims, and to provide

documentation for use in legal proceedings. It assisted the Iraqi ministry of health in developing a comprehensive strategy for rehabilitation of torture victims and related mental health care and organised intensive capacity building training on human rights-related issues. The Iraqi "Justice Network for Prisoners" (JNP) was established, comprising 30 NGOs active throughout Iraq and five coordinating groups.

Given the lack of dialogue with the government of Iran, EU assistance to this country in 2009 was implemented exclusively through thematic projects by Iranian and European non-state actors and UN agencies. Despite the difficult political context, the two existing projects promoting good governance and human rights (essentially through UN organisations) and the project in the field of drug rehabilitation proceeded satisfactorily. Two new projects got underway in 2009: one focuses on the reduction of risk vulnerability of communities and buildings in natural disaster-prone areas while the other aims to stimulate social and economic development in impoverished areas.

By the end of 2009, four new projects were agreed between European and Iranian non-state actors. The objectives of all four are on the reintegration of marginalised populations and poverty reduction in the context of sustainable development.

For the period 2007-2010, the Commission's financial cooperation with Yemen amounts to €90 million. There are two priorities: to assist the Yemeni government to promote good governance, with sub-priorities in the justice and human rights sectors; and to strengthen the government's capacities to fight poverty, in the areas of food security, health, fisheries and local development.

In 2009, the Commission focused its support to Yemen in the food security area, with total grants of €48 million. This support will cover all areas of food security, implementing a large number of actions ranging from nutrition to access to food to the improvement of productivity. In addition, Yemen was allocated €21.3 million from the EU food facility set up in 2009 to help the poorer countries respond to the current high and unstable global food prices.

#### 2.3.3.5. Results

The difficult conditions of implementation in Iraq often cause delays, higher costs and the cancellation of some activities. Persistence is therefore important and, given the difficulties in the daily life of the population, results are very often quite rewarding. Among recent programmes started in 2009, one programme to support the return and reintegration of returnees and Internally Displaced People within Iraq, implemented by UNHCR, resulted in the complete rehabilitation of a large number of shelters and small houses in the area east of Baghdad, where hundreds of small villages had been severely damaged. Another project implemented by UNICEF led to, among others, the upgrading of the water and sanitation facilities of 20 schools and ongoing works in 10 others and the strengthening of the capacity of 50 municipalities in solid waste management.

Development assistance in Yemen, although very important in view of the country's multiple needs, is challenging given the weak technical, administrative and managerial capacity of beneficiary institutions and their limited commitment to EU-funded reforms and the sustainability of aid projects. For that reason, cooperation with Yemen is totally implemented through a project approach. The results obtained

by the different programmes are uneven. Nevertheless, the Commission has been trying to find ways to improve aid effectiveness and make it less dependent on the level of commitment and support of the corresponding beneficiary institutions.

One example of this approach is the implementation of the programmes in the health sector, where the Commission supports local structures (the Governorates' health development councils) in order to counter-balance the heavily centralised institutional setup. This approach has been providing good results and will be continued in future programmes. The Commission is also promoting a sector-wide approach in health, to ensure more sustainability in the future for donors' efforts in this sector.

#### 2.3.3.6. Monitoring

In recent years, the ROM missions to Yemen were often subject to postponement for security reasons. In 2009, seven ongoing projects with a total value of €31.5 million were monitored. In addition, two projects worth a total of €2.4 million were monitored *ex-post*.

Overall, aggregate performance of ongoing projects in 2009 is relatively low (2.35), showing a slight decrease since the last monitoring mission in 2007 (2.49), when 11 ongoing projects and one *ex-post* were monitored. This reflects the limited level of development in the country and the weak managerial capacity in general.

In 2009 relevance and design was the highest ROM score with an average of 2.83. This was also the only criteria which showed an increase compared to 2007 (2.6). On the other hand, the potential sustainability dropped from 2.6 in 2007 to 2.27 in 2009, which reflects the increasing dependency of the country on international donors to provide basic services to the population. The Commission is in fact implementing highly relevant and significant projects in areas where other donors are not present.

#### 2.3.3.7. Prospects

In view of the growing involvement of the Commission in the development of Yemen, the European Union decided in 2008 to upgrade its Delegation to Yemen to full Delegation status, doubling its operational personnel in the process. This upgrade will be completed during 2010, and should be operational at a time of increasing international attention to Yemen, because of the complex regional security context and the mounting economic difficulties that the country faces.

In order to move progressively towards a regular multi-annual programming strategy for Iraq, the Commission defined a two-year integrated assistance package for the period 2009-2010 with a total budget of €65.8 million. In 2009 and beyond the volume of EU resources will significantly decrease, in line with a move from reconstruction towards bilateral technical assistance. Iraq has a rich and diverse resource base, and the effective and efficient utilisation of these resources can lay the foundation for sustainable growth. The key role for the EU as part of the international community is to help Iraq mobilise its own resources to improve the welfare of its people and rebuild its infrastructure. Therefore, future programmes of the Commission for Iraq are expected to focus on capacity building in the areas of good governance and the delivery of basic services. This will be the case for the first-



ever Country Strategy Paper (CSP) for Iraq, which covers the period 2011-2013 and is now being drafted.

#### 2.3.4. *Latin America*

##### 2.3.4.1. Introduction

Political relations with Latin America continued to strengthen in 2009. In September, the Commission adopted a Communication<sup>53</sup> which constitutes a policy framework for relations between the EU and Latin America. The Communication recommends in particular

- 1) to step up bi-regional dialogue, notably by making summits more action-oriented and focusing on priority areas such as environment and climate change, technology and innovation, migration, and drugs;
- 2) to strengthen regional integration and inter-connectivity, notably by facilitating investments and completing negotiations on association and other agreements with the various sub-regions of Latin America;
- 3) to reinforce bilateral relations by taking full advantage of existing agreements and strengthening bilateral relations with individual Latin American countries;
- 4) to tailor and adapt cooperation programmes to the needs of the different Latin American countries through the mid-term review exercise.

Bi-regional dialogue took place over the year in a number of instances. A ministerial meeting of the Rio Group was held in Prague on 13-14 May 2009. Key themes were renewable sources of energy and the recovery of world financial stability. The XIX Ibero-American summit in Estoril (30 November - 1 December) addressed the issues of innovation, the region's economic resilience in times of financial crisis and the situation in Honduras.

Two senior officials meetings took place in 2009. One in Buenos Aires (March) focused on the implementation of the conclusions of the 2008 EU-Latin America and Caribbean (LAC) summit in Lima and bi-regional cooperation in the fields of drugs and migration. The second meeting in Brussels (December) discussed, in particular, the preparations for the forthcoming EU-LAC summit in Madrid and the necessary steps for the creation of the EU-LAC Foundation.

The EU-LAC Structured Dialogue on Migration was launched on 30 June 2009 and a first high-level migration meeting took place on 25 September 2009 in Brussels. The main issue discussed was the synergies between migration and development, with an exchange of views on the mutual benefits, opportunities, and challenges of migration.

Another important event in EU-LAC relations in 2009 was the high-level meeting of the Coordination and Cooperation Mechanism on Drugs between the European Union, Latin America and the Caribbean regions (Quito, May) devoted to strengthening the mechanism itself.

Negotiations with Central America and some Andean countries (Colombia/Peru) saw further progress in 2009. Negotiations for the EU-Central America Association

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<sup>53</sup> COM(2009) 495/3

Agreement progressed well until their suspension following the June 2009 coup in Honduras. The Commission aimed to resume and conclude them by the time of the VI EU-LAC Summit to be held in Madrid in May 2010. Negotiations for a multiparty trade agreement with Colombia and Peru should be finalised in March 2010. In late 2009, key American leaders confirmed their willingness to resume negotiations on an EU-Mercosur Association Agreement, which were suspended in 2004. The Commission has started a series of exploratory meetings in this regard.

Memoranda of understanding were signed by the Commission with Peru (29 October) and Colombia (2 December) to establish a mechanism for improved bilateral consultations and cooperation. A memorandum of understanding was signed on 17 December with the Organisation of American States (OAS) on dialogue and cooperation in areas of common concern in the Latin American and Caribbean region.

Some meetings took place in preparation for the EU-LAC summit (May 2010), such as the EU-LAC forum on fiscal policies (May 2009, Montevideo) and the EU-LAC forum on corporate social responsibility (October, Buenos Aires). The Commission has also been working on concrete deliverables for the summit such as the Latin America investment facility (LAIF), which should help finance investment projects contributing to regional integration and improved interconnectivity, and the EU-LAC Foundation, which is expected to play a key role in strengthening EU-LAC relations and giving them more visibility.

The EU Council of Ministers adopted conclusions on Latin America in December 2009, reaffirming the importance of the EU's strategic partnership with Latin America in the global context, expressing its determination to further strengthen cooperation in the mutual interest of both regions and welcoming the September Communication of the Commission on Latin America as a basis to achieve this goal.

#### 2.3.4.2. Aid effectiveness and donor coordination

Continued efforts are being made to foster aid effectiveness and the principle of division of labour – including donor coordination – in Latin America. The first conference on EU donor coordination in Latin America was organised by the Commission and the French EU Presidency in December 2008 in Brussels. Since then, further steps have been taken.

The Commission developed an internal action plan to report further progress and to improve aid effectiveness in Latin America. The new backbone strategy on "Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission" followed by a work plan, is being applied in Latin America. Many activities have been launched in the field to apply the EU code of conduct on division of labour among donors. In Nicaragua, for instance, the EU blue book mapping all EU cooperation in the country in 2008 was drawn up together with DfID.

In November 2009, the second monitoring report of the EU Fast Track Initiative on Division of Labour, launched in 2008, was completed. Several Latin American countries together with EU facilitating donors were surveyed on progress made in the

field of donor coordination and the ongoing division of labour process in their respective countries.

#### 2.3.4.3. Working towards the MDGs

According to the Millennium Development Goals Report 2009<sup>54</sup>, an important step has been taken towards achieving universal primary education, with 95% of children in the Latin American and Caribbean region now enrolled. Progress has also been made in providing equal opportunities for women in education and work, and the region has a very good record in reducing the death rate of children under five. Nevertheless, several challenges still need to be addressed, such as the very high adolescent pregnancy rate, the proportion of children under five suffering from malnutrition, and the eradication of hunger.

The European Commission actively contributes to the achievement of the MDGs in Latin America. In Paraguay, the European Commission is financing a €24 million poverty reduction programme that aims at alleviating extreme and severe poverty (MDG 1) by consolidating the social protection network of the government through improved basic services such as better access to drinking water and waste management, maternal healthcare and education. Taking 2006 as baseline, the percentage of the population with access to safe drinking water increased from 50% to 56%.

In Ecuador, a €11.2 million sector support programme contributes to improving universal education (MDG 2). In 2009, the Commission approved a new project in Brazil (€4.9 million) to reduce deforestation in the Amazon region (and the associated CO<sub>2</sub> emissions) in order to contribute to environmental sustainability (MDG 7). The Commission will provide local authorities and stakeholders with adequate tools for effective environmental and territorial management to control deforestation.

#### **Case study: PAPDE Ecuador**

PAPDE, a sector support programme for the Decennial Education Plan 2006-2015, started in 2008 and ends in 2012. The aim is to enlarge the coverage and improve the quality of education in Ecuador. In 2008, the ministry of education provided 11 380 additional places for children, contracted 17 000 new teachers and plans to construct 200 schools in the coming three years. More than 145 000 beneficiaries have been taught to read and write, and adult education has been provided. An evaluation programme for teachers and students has been developed. The EU contributed €11.2 million.

#### 2.3.4.4. Implementation

In 2009, the Commission approved 34 actions with Latin American countries (bilateral, regional and sub-regional) for a total value of around €350 million. The most important activities concern regional integration, trade and the private sector, and social cohesion, followed by peace and stability, the environment and sustainable management of natural resources.

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<sup>54</sup> [http://www.un.org/millenniumgoals/pdf/MDG\\_Report\\_2009\\_ENG.pdf](http://www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf)  
[http://www.un.org/millenniumgoals/pdf/PR\\_LatinAmerica\\_MDG09\\_EN.pdf](http://www.un.org/millenniumgoals/pdf/PR_LatinAmerica_MDG09_EN.pdf)

In the trade and private sector, a €5.2 million project targeting SMEs in Nicaragua was approved. The project aims at improving SME competitiveness through increasing added value in the production chain, reducing costs, and providing training. In Bolivia, two projects approved in 2009 aim at fostering economic growth by tackling decent work (€2 million) and employment in the mining areas (€10 million).

**Case study: Programme on alternative development in Bolivia**

The PRAEDAC programme on alternative development in Bolivia (1998-2006) tried to create alternative production opportunities to the illicit coca crop for peasants in the Chapare region, to strengthen state presence and to improve people's livelihoods. 30 000 Quetchua and Aymara peasant families benefited from the programme and 108 schools, hospitals, roads and other basic service infrastructures were built. School enrolment rose by 13%. In addition, a better environment for public and private investment has been created and eco-tourism is a new source of income. The EU contributed €9 million to the programme.

The social cohesion sector includes actions to improve the situation of vulnerable groups (specifically, indigenous populations and women), to prevent discrimination, and to promote transparency and access to information. Among these are the EU-Mexico integrated social cohesion programme, approved in 2009 (€10 million), Pro-Jovenes II which targets violence prevention and rehabilitation in El Salvador (€1.3 million), and sector policy support to the strategic Peruvian malnutrition programme, worth €60.8 million.

**Case study: PRODAPP Peru**

The PRODAPP Programme (EU contribution €6 million) promotes integrated development of the areas of Pozuzo and Palcazú in the Peruvian jungle, by helping local populations to develop the necessary skills to no longer depend for their livelihoods on the cultivation of coca. Strategies for economic development have been drawn up and infrastructure works have been carried out, including 60 km of road, 120 km of primary and secondary network for rural electrification of 21 municipalities and one commercial platform for the meat industry involving 160 cattle dealers.

The EU also supports actions in the sector of civilian peace-building, conflict prevention and resolution. One example is the project "Regional Development, Peace and Stability II" in Colombia with a contribution of €8.4 million. The three successive "peace laboratories" are the flagship of the cooperation in Colombia: they apply an integral approach to fighting the root causes of conflicts in the regions.

Sector budget support is the preferred approach to deliver aid in Latin America and has already been used for sectors such as poverty reduction, education, water management, government decentralisation and economic sustainability in Nicaragua, Bolivia, Honduras, El Salvador, Paraguay and Ecuador. In 2009 the Commission committed a total of €158 million to support national nutritional programmes in Peru and Guatemala, and education, economic growth and trade in El Salvador.

However, difficulties arose in 2009 with Honduras and Nicaragua, the second and third largest beneficiaries of EU assistance in Latin America.

The political situation in Honduras has resulted in the suspension of EU aid, with the exception of emergency assistance and activities implemented by NGOs and other local bodies.

As for Nicaragua, the European Commission and other EU donors decided to suspend the disbursement of the aid channelled through sector support programmes since January 2009. The Commission continued its other activities while maintaining a dialogue with the Nicaraguan government. It will review the situation in the light of action taken by the Nicaraguan government.

The Commission gives high priority to supporting the integration processes in Latin America. In the Andean region this support targets sectors such as statistics, the fight against illicit drugs, disaster prevention and trade. In 2009, the Project for the Support of Economic and Social Cohesion in the Andean Community (CESCAN II) was approved, with an EU contribution of €6.5 million. The objective is to help the CAN (*Comunidad Andina de Naciones*) member countries and its general secretariat to design a regional policy for economic and social cohesion, territorial development and the implementation of a pilot action to achieve these goals.

In 2009, one cooperation action was approved for Mercosur to support the deepening of the integration process and sustainable development of Mercosur, with an EU contribution of €12 million. The objective is to enhance the quality and standards of Mercosur products, while strengthening its capacity to reconcile growing economic activity and trade with a high level of environmental protection.

The Commission is supporting the political, economic and social integration in Central America in the context of the current preparation of an association agreement EU/CA. The EU acts in three areas: institutional strengthening, economic integration and regional governance and security matters. In 2009 the Commission adopted two projects: a programme to support the creation of a regional system for quality control and the application of sanitary and phytosanitary measures (€23.5 million), and the regional border security programme (€5.5 million), which aims at enhancing the capacity of both national and regional institutions directly involved in border management.

#### **Case study: PREDECAN (CAN)**

The PREDECAN Programme (2003-2009) aimed at disaster prevention in the Andean Community by enhancing disaster risk management in order to reduce the vulnerability of people and goods exposed to natural hazards and risks, and to promote sustainable development. The Commission contributed to the design and the implementation of the Andean information system for disaster prevention and relief (SIAPAD) and helped strengthen capacities through communication and education materials, and by training 350 communicators, which led to 8 556 professionals being successfully trained. The EU contribution was €9.5 million.

In 2009, the following ongoing **regional programmes** continued:

- Alban (Programme for higher education and training scholarships in the EU for Latin American citizens)
- ALFA III (Programme between higher education institutions of the EU and Latin America)

- URB-AL (Programme targeting local authorities of the EU and Latin America as well as other actors involved in the urban sector)
- AL-INVEST (Programme to facilitate the international activities of Latin American SMEs)
- EUROsociAL (Programme supporting new practices and policies that to increase levels of social cohesion in Latin American societies).

The @LIS 2 Programme (Alliance for the information society), adopted in 2008, aims at reducing the digital divide and integrating Latin America into the global information society. With an EU contribution of €22 million, all contracts for individual projects were signed at the end of 2008 and are currently being implemented.

#### Case study: @LIS

The @LIS programme (Alliance for the Information Society) establishes a policy dialogue on regulatory frameworks and boosts interconnections between research networks and communities in both regions, thus helping to integrate Latin America into the global information society. Activities have been organised in four areas: e-Education, e-Inclusion, e-Governance and e-Health, involving more than 220 stakeholders. In the education sector, the Integra project has integrated new information and communication technologies in 370 primary and secondary schools in Argentina, Chile and Uruguay. The EU contribution is €3.5 million.

The EURO-SOLAR Programme (EU contribution €28.7 million), aims at reducing poverty in eight beneficiary countries (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru), by enabling remote rural communities without access to electricity to benefit from renewable electric energy. In 2009, all supply contracts were signed and implementation began.

In 2009 the Commission allocated €10.8 million for the Latin American investment facility which aims at promoting additional investments in key infrastructures, focusing on transport, energy, and environment. The facility also supports social and private sector development in Latin American countries.

Within the Erasmus Mundus external cooperation window, which contributes to the promotion of partnerships and institutional cooperation exchanges between higher education institutions from both regions, €41.6 million were contracted in 2009 through two calls for proposals.

#### 2.3.4.5. Results

EU development assistance has contributed to progress by Latin American countries in key areas like social cohesion and regional integration as well as trade and private sector development together with the achievement of the MDGs.

In terms of improving social cohesion, the poverty alleviation support programme in El Salvador (PAPES, EU contribution €37 million), contributed to increase incomes of the poorest municipalities. Health services were extended to 81 municipalities benefiting 413 000 people. More than 250 000 inhabitants have benefited from rural roads, schools, health units and bridges. In the 32 municipalities classified as in severe poverty there was an increase from 65% to 77% of population with access to

sanitary services; an increase from 66% to 81% of schools with access to electricity and from 57% to 85% of schools with access to safe drinking water.

As regards regional integration, the project to support the development of biotechnologies in Mercosur (EU contribution €6 million), has helped to establish regional coordination and to define and implement a regional strategy in this sector. A regional biotech platform "BIOTECSUR" was created with members of the academic, public and private sectors. In addition, regional biotechnology demands in the agricultural, industrial and healthcare sector were identified.

A good example in the trade and private sector is the project on competitiveness and export promotion for SMEs in Uruguay (PACPYMES, EU contribution €5.4 million). It has enhanced the competitiveness of the Uruguayan economy by strengthening association mechanisms, export capacities and the international capabilities of its SMEs. Nine national clusters were created bringing together more than 4 000 entrepreneurs, and more than 500 SMEs have increased their export and management capacities.

The analysis of the result-oriented monitoring of the ongoing project portfolio for Latin America shows that the majority of projects monitored in 2009 are performing well or very well in terms of effectiveness and potential impact.

#### 2.3.4.6. Monitoring

In 2009, 183 ongoing projects were monitored including bilateral, regional and sub-regional projects. Additionally, two sector policy support programmes were monitored: the education sector in Ecuador and innovation strategy in Uruguay.

The total value of ongoing projects monitored amounts to €16 million, which represents approximately 50% of the overall portfolio of ongoing projects in the region. A total of 19 monitoring missions were carried out in all 17 countries in the region, as well as for sub-regional groups (Mercosur, CAN and Central America), and the two SPSP interventions.

As the table below shows, 83% (categories 1 + 2) of the projects in Latin America have good or very good results, while 15% have some problems and 2% experience major difficulties. The percentage of projects on track (categories 1 and 2) has increased from 76% in 2007 to 83% in 2009, while the percentage of projects facing serious difficulties has decreased from 5% in 2007 to 2% in 2009. This positive trend is confirmed by the so called "re-monitoring" exercise: out of the 183 projects monitored in 2009, 34 of them (20%) had been monitored previously in 2007 and 2008, showing a positive evolution in their performance: 71%, 74% and 88% respectively.

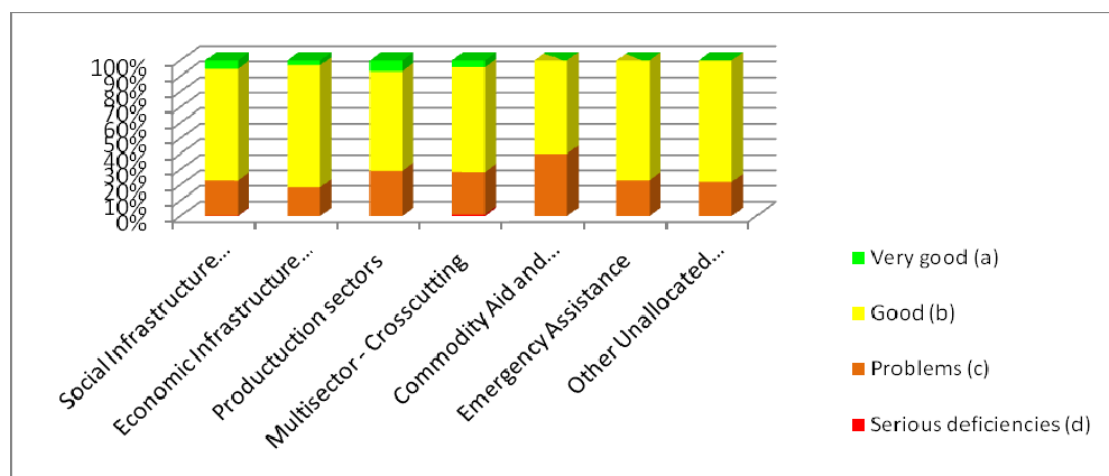
**Table 21 - overview of performance for ongoing projects (% of frequency of ratings)**

Region total	Very good (a)	Good (b)	Problems (c)	Serious deficiencies (d)	Average
Ongoing (ntl.) projects					
Relevance	7%	80%	13%	0%	2,94
Efficiency	6%	55%	38%	1%	2,72
Effectiveness	1%	64%	35%	0%	2,80
Impact	6%	80%	14%	0%	2,94
Sustainability	4%	72%	24%	0%	2,84
<b>TOTAL</b>	5%	70%	25%	0%	<b>2,85</b>

Overall, 65% of all projects monitored in 2009 are doing well or very well in terms of effectiveness (i.e. delivery of results/outcomes and the achievement of the project purpose). Similarly, 86% of the projects have good and very good ratings under potential impact (i.e. contribution to improving the livelihood of the people and/or the overall environment in which they operate).

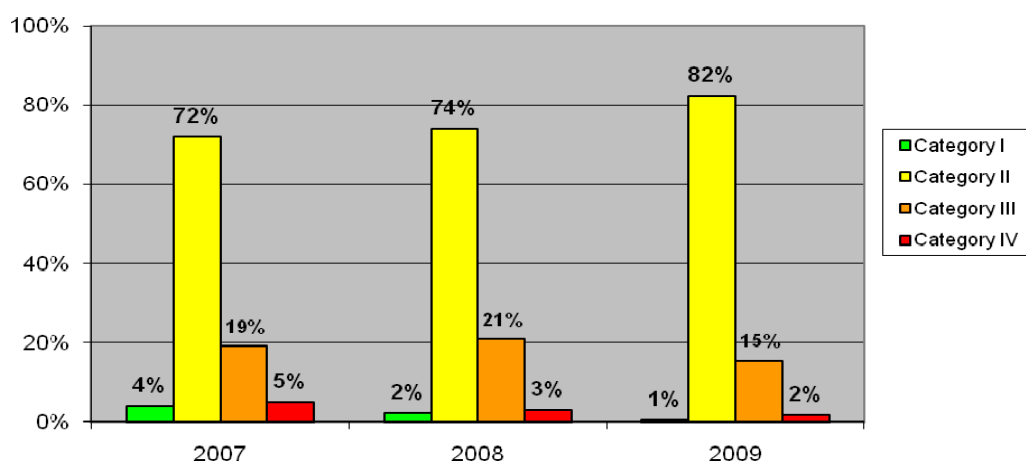
Social infrastructure and services is the most important sector in Latin America (36% of the total portfolio monitored in 2009, with a value of €296 million and 73 monitoring reports); followed by multisector/crosscutting projects (21%, €170 million and 44 reports) and the production sector (15%, €123 million and 35 ROM reports). In terms of performance, all sectors are showing similar performances with the majority of projects (more than the 80%) on track.

**Table 22: Latin America - monitoring results per ODA sector**



**Table 23: Latin America - performance of ongoing projects**





#### 2.3.4.7. Prospects

Regional and bilateral cooperation actions with Latin America in 2010 will continue in line with the strategic orientations contained in the regional and country strategy papers 2007-2013, bearing in mind the current financial and economic situation. The ongoing mid-term review of the strategy documents will be completed in 2010, thus confirming or reorienting, in terms of sectors and financing, cooperation strategies for the remaining programming period (2011-2013) where relevant.

EU policy priorities towards Latin America for the coming years were defined in the recent Communication on *EU and Latin America: Global players in Partnership*". Funding will continue to concentrate on the poorest countries – notably to promote economic and social sustainable development and to reduce inequalities. At the same time, new forms of cooperation with countries with higher levels of development will be looked at, which may entail more emphasis on areas such as climate change, higher education, science and technology, energy efficiency and renewable energy.

In 2010, the political dialogue between the two regions will be marked by the sixth European Union–Latin America and the Caribbean summit taking place in May in Madrid. The key summit theme is innovation and technology for sustainable development and social inclusion.

The European Commission will continue to seek closer coordination on development cooperation with EU Member States as well as with other multilateral donors. The use of aid delivery modalities promoting ownership and supporting partners' national accountability and procedures will be pursued, whenever the appropriate conditions are met.

#### 2.3.5. South Africa

##### 2.3.5.1. Introduction

Since the end of apartheid, relations between the EU and South Africa have grown exponentially. Today, the EU and South Africa cooperate on a broad range of political, trade and economic matters, as well as on issues such as science and technology, environment and energy. The year 2009 marked the 10<sup>th</sup> anniversary of

the signing of the EU-South Africa trade, development and cooperation agreement (TDCA), which forms the overall legal basis for the relationship.

In recognition of South Africa's increasing role as an emerging economy and a key player in peace and security matters on the African continent, a strategic partnership with South Africa and an action plan for its implementation were adopted in 2007. During 2009, further steps were taken to strengthen ties with South Africa under this partnership.

Following national elections in South Africa in April 2009, the second EU-South Africa summit was hosted in September in South Africa by newly elected South African President Jacob Zuma. The summit provided an opportunity to discuss global issues and peace and security matters with South Africa as a leading player in Africa and potential bridge-builder, notably on climate change and the reform of the international financial institutions.

On the basis of South Africa's strong engagement in conflict management in Africa, the EU and South Africa significantly stepped up their dialogue on peace and security matters in 2009. From now on, the EU and South Africa will, on an annual basis, jointly review respective assessments and commitments, with a view to developing converging approaches on conflict areas like Zimbabwe, Sudan and Somalia. South Africa and the EU have also extended cooperation and expert contacts to cover the fields of migration, health, energy, the environment, science and technology, ICT, transport, and customs and statistics. Concerning space collaboration, the EU and South Africa started to work towards extending the coverage of the EGNOS satellite navigation system to South Africa.

#### 2.3.5.2. Aid effectiveness and donor coordination

EU cooperation with South Africa responds to the principles of aid effectiveness, such as ownership, predictability, results orientation, accountability and division of labour. Since 2007, policy coordination was given strong importance through the creation of six donor coordination working groups on employment, education and training, health, science and technology, and governance. The six working groups were broadened to include non-EU donors such as USAID, the UN and its agencies and the World Bank. The working groups help to exchange information and ideas and to improve the complementarity of programmes supported by the EU. The government of South Africa takes part in the discussions but the leadership of the line departments involved could be strengthened. The National Treasury has set up a monitoring and evaluation mechanism in relation to the mid-term review of the country strategy paper in 2009 while the EU Delegation and Member States are collaborating on a joint report on the results of EU aid to South Africa.

#### 2.3.5.3. Working towards the MDGs

South Africa maintains a favourable performance towards meeting most of the MDGs but the negative impact of the global economic crisis on the country's employment levels is halting and, in some cases, reversing the previously positive trends on poverty reduction. Recent estimates from the South African presidency show an increase in income disparities. The economic recovery in the second half of 2009 and progress on implementing the national employment programme supported

by EU funds are expected to enable net job creation to resume with consequent improvement of income indicators. Despite difficult conditions in the health sector due to weak public healthcare systems and an increase in HIV/AIDS levels, progress reports show signs of improvement in the underlying MDG indicators. For example, South Africa has one of the largest HIV/AIDS treatment programmes in the world. Moreover, significant advances are reported in reducing incidences of malaria, almost full eradication of measles, and increased immunisation.

#### 2.3.5.4. Implementation

The 2009 Annual Action Programme for South Africa committed a total of €137.7 million, focusing on primary education (€22.7 million in sector budget support), Erasmus Mundus scholarships (€5 million) and youth empowerment (€10 million). The package continues the pattern of the previous two years to deliver about 90% of new commitments in the form of sector budget support. Financial implementation also gained momentum in 2009. Payments accounted for €106 million. Several major budget support disbursements were completed in 2009, reaching a total amount of €79 million. National authorities signalled growing appreciation of EU aid with the shift from traditional projects to sector budget support. The focus on primary education is directly related to the country's focus on improving social services and the underlying MDG targets.

#### **Case study: Sector budget support to the legislature**

The €15 million EU sector budget support programme for the legislative sector in South Africa is aimed at enhancing participatory democracy in accordance with the constitution, legislation and mandates of members of parliament and members of provincial legislatures. Although the programme is in an early phase, it has already produced impressive achievements. The national parliament and the nine provincial legislatures have consolidated a wide array of activities, including the preparation and adoption of legislative acts, the setting up of mutual administrative bodies, the joint creation of governance models and the improvement of governance structures. Various public participation activities have taken place, such as public hearings, the establishment of standardised petitioning procedures as well as face-to-face campaigns in rural areas.

EU funding also supports regional cooperation through programmes for the Southern African Development Community (SADC) and contributions under the South Africa budget line to intra-ACP projects. The latter will rise substantially in 2010 with planned contributions in the area of science and technology as well as academic mobility.

For the government of South Africa, regional trade and political cooperation remain at the top of the agenda alongside greater South-South cooperation. The aim is to take a more pro-active development cooperation role on the African continent to tackle poverty and underdevelopment through the establishment of a development partnership agency, to boost regional cooperation and to improve donor coordination. The plan is to upgrade the African Renaissance Fund and to transform it into an effective funding tool for development cooperation. Trilateral cooperation between the EU, South Africa, and its African partners is envisaged in the SA-EU strategic partnership joint action plan.

### **Case study: Risk capital facility**

In support of South Africa's efforts to create jobs, the EU has funded a risk capital facility. The facility provides equity and quasi-equity financing to a wide range of enterprises. Success stories include the rehabilitation of the Booyens Hotel and conference centre by underprivileged individuals in Johannesburg, the expansion of the Blue Fin Marine in Western Cape, and the creation of numerous new jobs at Port Elizabeth's high-tech fabrics manufacturer, BreatheTex. For the second phase alone, the South African department of trade estimates that the 40 planned investment activities will create some 3 700 jobs for disadvantaged persons. Women occupy more than 30% of all new jobs created. Additional openings are expected under the programme's niche fund channel, supporting venture capital funds. All activities take place in sectors that are usually not financed by banks due to the high risks involved.

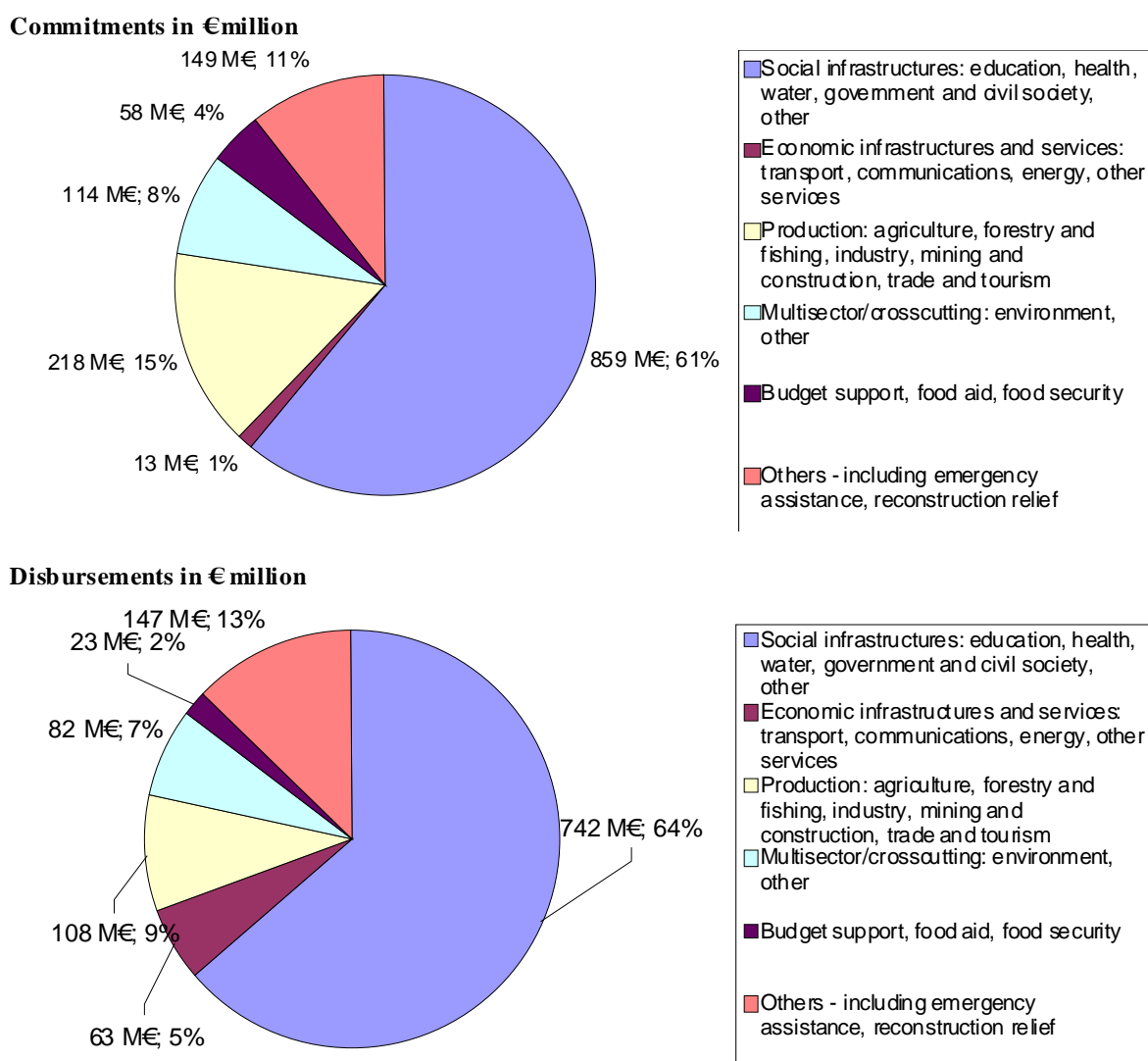
#### 2.3.5.5. Results

The country strategy for South Africa for 2007-2013 strongly focuses on employment creation and social services. The shift to budget support, representing about 90% of all new commitments, is highly appreciated by national authorities and has improved quality of aid delivery in various aspects, such as national ownership, substantial reduction in administrative costs, predictability and focus on results. The mid-term review carried out in 2009 concludes that EU aid delivery has made good progress by concentration on fewer but larger actions with bigger impact on national policy priorities. However, job creation activities are offset by the global economic crisis which is why unemployment still weighs on poverty indicators. The critical sectors of education and health services have been addressed and continuity is assured by the new programme on primary education approved in 2009 and the preparation of a new programme in the health sector to be approved in 2010.

#### 2.3.5.6. Prospects

EU development cooperation policies will continue to focus on employment and social services with a consequent reduction in poverty gaps in the years to come. For the period 2011-2013, it is intended to concentrate on service delivery/public finance management, climate change and sustainable development, as well as regional and pan-African co-operation activities. The 2010 Annual Action Programme foresees two major interventions: a sector budget support programme in the healthcare sector and a job creation project providing support to risk financing. Further regional cooperation activities are planned through contributions to intra-ACP projects for the exchange of academics and promotion of science and technology. These actions will be followed by a major sector budget support programme for poverty reduction in accordance with the recommendations of the mid-term review of South Africa's Country Strategy Paper.

**Figure 24 DCI Geographic - Breakdown by sector of external aid financed on the General EU budget managed by EuropeAid in 2009**



Bilateral and Multilateral ODA (EuropeAid only).

**Figure 25 DCI Geographic - External aid financed on the general EU budget managed by EuropeAid.**

€millions	2007	2008	2009
<b>Commitments</b>	1 362	1 371	1 414
<b>Disbursements</b>	1 279	1 137	1 192

Bilateral and Multilateral flows (EuropeAid only).

**Figure 26: DCI Geographic - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Ecuador	SBS	Education policy and administrative management	Support to 10-year education plan 2006-2015	13,00
Ecuador	SBS	Industrial policy and administrative management	Support programme to system for solidarity and sustainable economic system (PASES)	13,40
El Salvador	SBS	Trade policy and administrative management	Programme to strengthen the national quality system (PROCALIDAD)	12,10
El Salvador	SBS	Secondary education	Strengthening social cohesion in El Salvador's education system (PRO-EDUCA)	25,00
Guatemala	SBS	Food aid/Food security programmes	Support programme to strategic plan for food security and nutrition	33,80
Indonesia	SBS	Education policy and administrative management	Education Sector Support Programme (ESSP-I)	145,00
Kyrgyz Rep.	SBS	Multisector aid for basic social services	Sector policy support programme -social protection and PFM - 2007-2009 - 3rd allocation	9,00
Nepal	SBS	Education policy and administrative management	School sector reform	13,00
Nepal	SBS	Education policy and administrative management	School sector reform	13,35
Peru	SBS	Basic nutrition	Support to strategic programme on nutrition (EURO-PAN)	60,80
Philippines	SBS	Basic health care	Health sector policy support programme - II	36,00
South Africa	SBS	Primary education	Primary education sector policy support programme	122,68
<b>Grand Total</b>				<b>497,13</b>

GBS : General Budget Support

SBS : Sector Budget Support

### 2.3.6. Accompanying Measures for Sugar Protocol (AMSP) countries

The EU's AMSP programme supports the adaptation process of 18 ACP sugar-exporting countries following the reform by the EU of its previous sugar-market regime. This reform included annual cuts in the EU's raw sugar reference price from 2006/07 to 2009/2010.

To help ACP countries adjust to this cut in price, the Commission set up the AMSP as an eight-year programme. This started in 2006 and will run until 2013, supporting the 18 ACP countries in restructuring their sugar industries (see table below).

The AMSP's indicative allocation – the funding it gets from the EU budget - is €1.2 billion. This is shared between beneficiary countries, depending on:

- the reform's impact on each country's economy and
- the importance of the sugar sector in each country.

ACP sugar-exporting countries supported by the AMSP programme			
Africa (11)		Caribbean (6)	Pacific (1)
Ivory Coast	Republic of Congo	Barbados	Fiji
Kenya	Swaziland	Belize	

Madagascar	Tanzania	Guyana	
Malawi	Zambia	Jamaica	
Mauritius	Zimbabwe	St. Kitts & Nevis	
Mozambique		Trinidad & Tobago	

EU assistance is tailored to each country, based on that country's adaptation strategy. It has three main aims:

- to strengthen the competitiveness of the sugar sector, where this is sustainable,
- to support the development of alternative economic activities, and/or
- to mitigate the broader impact of the EU's sugar sector reform, in particular its social, environmental and macroeconomic consequences.

In 2009, the Commission adopted new financing decisions for the 2009 budget and continued with the implementation of the 2006-2008 annual action programmes.

Since 1 January 2008, ACP countries have had duty- and quota-free access to the EU under Economic Partnership Agreements for all their exports. For sugar, a transitional safeguard applies until 2015, with high trigger thresholds<sup>55</sup>. The benefits of EPAs come on top of the free access to its market which the EU already grants to Least Developed Countries under its "Everything But Arms" initiative.

#### **ACP sugar exports to the EU: a short history**

##### **1975**

The EU and ACP countries sign the ACP-EU Sugar Protocol.

- In the agreement, the EU is committed to buying fixed quantities of sugar each year from ACP countries, at guaranteed prices.
- For their part, ACPs are committed to delivering these quantities.
- The EU negotiates its guaranteed price with ACPs each year. In practice, this price is the same as the 'intervention price' which the EU guarantees to its own producers.

##### **2006**

- The EU reforms its sugar market. This includes a cut in the EU's internal sugar market reference price (and thus also in the price paid to ACP exporters).
- The EU continues to buy fixed amounts of sugar each year from ACP countries.
- To help ACP exporters adjust, the Commission sets up an eight-year programme, the Accompanying Measures for Sugar Protocol Countries.

<sup>55</sup>

A transitional safeguard for rice also applied until January 2010.

## **2007**

- The EC revokes the 1975 Sugar Protocol with effect from 1 October 2009.

## **2008**

- (interim) Economic Partnership Agreements (EPAs) between the EU and ACP countries enter into force.
- For sugar, EPAs offer ACPs and LDCs an additional export quota to the EU until 30 September 2009.

## **2009**

- From 1 October the EU opens its sugar market:

i) for sugar from LDCs, the EU lifts all import quotas and duties

ii) for other ACP countries which have concluded EPAs with the EU, the EU also lifts all import quotas and duties. A transitional safeguard mechanism applies until 30 September 2015, but only if the volume of ACP exports to the EU in a given year exceeds two thresholds simultaneously.

EU importers must pay a minimum price to ACP exporters – at least 90% of the EU reference price.

### *2.3.7. Investing in people*

The EU is committed to assist poor countries in achieving the MDGs and a more equitable access to social services. It supports health, education, employment, social protection and culture through a variety of instruments and modalities, including budget support. In 2009 the proportion of country-level assistance to basic and secondary education and basic health was 20% of DCI commitments. The aim is to strengthen national systems and a guiding principle is the alignment with national policies and joint accountability on results.

#### **Health**

In 2009, the Investing in People Programme (IiP) complemented the country-level assistance, through a variety of actions. The EU supported the Global Fund to Fight AIDS, Malaria and Tuberculosis with €100 million as a way to tackle these poverty-related diseases. It also supported a programme implemented by UNAIDS on provision of adequate technical assistance, identified as a key challenge in the implementation of HIV programmes. One call (€3.6 million) was launched to identify innovative ways of addressing ill health caused by non-communicable diseases – a growing burden for poor countries. Others targeted key problems in developing countries such as access to reproductive health commodities and the shortage of health workers, the latter being the object of a call for proposals (€6.5 million). For another priority health problem, sexual and reproductive health (SRH), €16 million were committed to support civil society organisations to advocate for SRH services.

#### **Education**



The second pillar of the IiP programme covers actions to promote universal access to quality primary education. The Commission contributed to this objective in 2009 with €4.5 million via the Fast Track Initiative Catalytic Fund. The FTI has become a key vehicle to contribute to education MDGs with the catalytic fund as a complement to bilateral funding. Under the education pillar the Commission also supports policy-related events promoting transfers of experience and best practices to provide quality education. Quality education depends on having good-quality teachers trained and deployed appropriately, working in an enabling environment and with a reasonable class size. Teacher shortages are a significant barrier to progress on education for all. Worldwide, ten million primary school teachers are needed over the next five years to meet MDG 2. The Commission committed €1.5 million in 2009 to support the Education for All Partnership's efforts to address the critical shortage of qualified teachers.

### **Employment and social protection**

The economic and financial crisis shaped to a large extent the development debate in 2009. Employment and social protection received much attention. To address these issues, the European Commission continued in 2009 to develop and strengthen cooperation with the International Labour Organisation (ILO). Under the IiP Program, four larger projects are jointly managed by the ILO and the Commission covering the thematic areas of trade and employment, statistical systems, social protection and employment policy in developing countries, and occupational safety and health for a total of €1.3 million. The projects aim at developing new tools that are tested and implemented in different regions of the world. Two calls for proposals were launched in 2009 covering technical and vocational education and training (€5.8 million) and labour market information systems (€5.1 million).

### **Culture**

Under the Investing in People programme, the Commission promotes access to culture and the protection and promotion of cultural diversity, including inter-cultural dialogue and respect for the equal dignity of all cultures. In 2009, a call for proposals for €3.2 million (€2.9 million from the 2009 budget) was launched and generated an overwhelming response with 585 project concept notes submitted by civil society organisations and other eligible actors. After a thorough evaluation exercise, the 22 best projects were selected for contract award. Because of the high number of good quality proposals received, a culture 'auction floor' was launched to identify other potential donors for the quality proposals the EU was unable to fund itself.

### **Children**

Regarding the "children and youth" component of the Investing in People programme, the 2009 credits (€1 million) were allocated to a call for proposals targeting children's participation, one of the rights contained in the Convention on the Rights of the Child adopted in 1989, but which lacks genuine implementation in development aid programmes. More than 800 proposals were received. In addition, the development of a comprehensive toolkit to address child rights in European development cooperation and external relations received support. The Commission was involved in a project aimed at prevention and rehabilitation measures concerning

children associated with armed forces and groups or involved in the worst forms of child labour in conflict or post-conflict situations.

## **Gender**

Gender equality is addressed in two ways. First it is promoted as a cross-cutting issue; and second, gender equality is supported by specific targeted actions. In 2009 priority was given to support non-state actors in their efforts to fight adult illiteracy and promote women's property ownership (€8.4 million). With funding from the Investing in People programme, 14 organisations in Africa and Asia have launched a series of activities designed to promote women's property rights and the right to literacy. Over the years, the EU has supported a range of activities designed to assist the Mediterranean partner countries in promoting gender equality. A call for proposals on 'Strengthening the capacity of non-state actors to promote women's rights and gender equality in ten Mediterranean countries' was launched in 2009 with a budget of €7.8 million. To advance the implementation of UN Security Council Resolutions on women, peace and security, the Commission supported an international colloquium on women's leadership in Liberia in March 2009. An important outcome of the colloquium was the launching of the 'Angie Brooks International Centre', which will further enhance women's empowerment and leadership. The Commission contributed €0.5 million to organise the event and its follow-up.

### **Case study: Making aid work for both women and men**

The European Commission/UN Partnership on Gender Equality for Development and Peace has produced significant findings on aid effectiveness and gender equality in 12 pilot countries. This has been achieved through a mapping exercise in each country and by developing the professional capacity at both national and regional levels that is needed to bring a stronger gender equality perspective to the aid effectiveness agenda. The pioneering online course on "Gender Equality and Aid Effectiveness" has generated unprecedented demand from government, donor, multilateral and civil society organisations. For more information: [www.gendermatters.eu](http://www.gendermatters.eu).

The European Commission/UNIFEM programme on integrating gender-responsive budgeting into the aid effectiveness agenda, has also proved to be a valuable resource for generating both knowledge and awareness in this area. A report presenting composite findings of research focusing on 10 countries is now available. It should be read in conjunction with the 10 more detailed country reports: Ethiopia, India, Mozambique, Peru, Uganda, Nepal, Morocco, Rwanda, Cameroon and Tanzania (<http://www.gender-budgets.org>).

### *2.3.8. Non-State actors and local authorities in development*

The European Union has long recognised the vital contribution of non-state actors to the development process by virtue of their dual role as strategic partners in the political, social and economic dialogue and key aid delivery agents. Development policy and programmes are generally more effective when the priorities of the different development actors are consistent with those of civil society, as this gives local populations a sense of ownership of national development policy. EU development policy encourages non-state actors to play an active role. Recent EU emphasis on participatory approaches has resulted in many innovations, such as more decentralised management and empowering, and involving a broad range of civil

society bodies like NGOs, trade unions, political foundations, universities and the media.

Supporting non-state actors and local authorities means encouraging participation in development, at both national and local level. It also means working for better governance and more participative development. The Commission's thematic programme on non-state actors and local authorities in development facilitates and promotes dialogue between state and non-state actors on development priorities and strategies in partner countries. The programme's overarching objective is poverty reduction, including working towards the Millennium Development Goals and other internationally agreed targets. It is an 'actor-oriented' programme aimed at strengthening the abilities of non-state actors and local authorities to provide help. It also serves to co-finance actions in areas as diverse as rural development, health, environmental protection and education, as well as long-term partnerships between civil society and local authorities. These initiatives can be grouped according to three principal objectives:

1. Supporting actions aimed at a democratic, cohesive and autonomous society in partner countries by enhancing the skills of non-state actors and local authorities.
2. Financing awareness-raising and educational initiatives among the European population on the topic of development, by encouraging a better understanding of the stakes involved.
3. Facilitating coordination and communication between local authority networks and civil society stakeholders involved in the European public debate on development.

Under the programme's multi-annual strategy (2007-2010), the Annual Action Programme for 2009 was adopted. In the 2008 annual action programme, 404 projects proposed by non-state actors from the EU and partner countries (€181.5 million) and 66 projects proposed by local authorities from the EU and partner countries (€31.7 million) were selected. The total value of the projects was €213.1 million, of which €35 million went to projects selected under local calls for proposals managed by EU Delegations in partner countries and €78.1 million for projects selected under centralised calls. In addition, a restricted call for proposals on local authorities in development was published at the end of 2009 by the European Commission.

#### → PADOR

Online registration for EU grant applicants, PADOR (Potential Data Online Registration), is a central database collecting administrative data of applicants to calls for proposals. It was launched in 2007. Now considered a corner-stone the new non-state actor approach, it was made compulsory for all calls for proposals covered by the 2008 annual action programme. It reduces the administrative burden for applicants and provides the Commission with a tool to improve knowledge and understanding of the needs of its implementation partners. At the end of 2009, there are nearly 50 000 organisations identified in PADOR and 20 000 registered. Since 2009, the possibility also exists for local authorities to register. Simplifications have been introduced in the last year, including the obligation to register only if the project concerned is selected, and the exemption for lead organisations whose proposal is for less than €25 000.

Since mid-2008, projects have been monitored. Results-oriented monitoring provides independent advice which is useful on three levels – the micro level of the project,

the macro level of Commission development portfolio performance, and the level of the programming cycle. The centrally managed thematic projects (CMTP) are worldwide operations financed by the Commission through the external assistance thematic financial instruments and programmes. From January to December 2009 a total of 53 projects were monitored and 118 monitoring reports were produced. The total value of projects involved in 2009, was €215.7 million. This represented 4% of the total number of projects and 17% in terms of the total budget. In general, the ongoing CMTP which were monitored performed in a positive way in 2009 with regard to all five criteria. No projects with overall really serious deficiencies were identified.

#### **Case study: Capacity building of NGOs in supporting MDGs**

The project "Capacity building of NGOs in Hungary, Poland and Czech Republic for mobilising support for Millennium Development Goals", with a grant of €440 000, represents a good opportunity for the NGOs to build their capacity in a sustainable way. Until July 2009, 2 300 people had participated in 32 info sessions and 350 persons had participated in media events. A total of 8 000 persons were informed about the MDGs.

#### *2.3.9. Migration and asylum*

The adoption by the European Council in December 2009 of the Stockholm Programme - an open and secure Europe serving and protecting the citizen, will significantly affect EU external assistance policies on migration and asylum. The focus of this new multi-annual programme is on the rights and security of European citizens. However, it also outlines a vision for the years 2010-2014 of access to Europe in a globalised world, and highlights Europe's role in terms of its responsibility, solidarity and partnership in migration and asylum matters. The current European pact on immigration and asylum will remain the basis for future development. Its objective is to establish a common asylum system in 2012, ensuring people in need of protection access to legally safe and efficient asylum procedures. But the Stockholm Programme also says that in order to maintain credible and sustainable immigration and asylum systems in the EU, it is necessary to prevent, control and combat illegal migration. Finally, the programme highlights the importance of the external dimension of EU policy in the area of freedom, security and justice and the need to integrate this policy further into the general policies of the European Union. In 2010, the objectives of the Stockholm Programme will be moulded into a concrete action plan.

In 2009, the Annual Action Plan of the thematic programme of cooperation with third countries in the areas of migration and asylum (TPMA) encompassed four major components:

- support measures for the programme itself;
- a €4.5 million targeted project focusing on the prevention of irregular migration in Libya;
- €3 million as a targeted action to support the implementation of the Africa-EU partnership on migration, mobility and employment;
- a call for proposals combining the budgets for 2009-2010 totalling €70 million.

Launched in August, the call resulted in the submission of 368 concept notes. The process should result in the contracting of successful project proposals in the second half of 2010. In December 2009, the Commission also decided to allocate the € million earmarked for special measures (unforeseen needs or circumstances related to natural disasters, civil strife or crises) to regional protection programmes in the Horn of Africa.

In parallel, various initiatives have been launched to prepare the 2011-2013 TPMA strategy and multi-annual indicative programme. An evaluation was done of the 2004-2006 AENEAS programme, the predecessor of the TPMA. A mid-term review of the TPMA has been launched as well. The principal lessons learned will feed into the 2011-2013 strategy and MIP under preparation. It should also be mentioned that in order to enhance their effectiveness, impact and sustainability, and to boost ownership, a process has been initiated to devolve the monitoring of the implementation of projects funded from the TPMA to EU Delegations.

A number of important steps were taken in 2009 in the area of human trafficking. In March, the Commission tabled proposals regarding the fight against trafficking in human beings and the protection of victims, including provisions on approximation of criminal law as well as assistance, support and protection measures for victims. The ensuing discussions in the Council led to an agreement which will be turned into a proposal for a Directive. In October, an EU Ministerial Conference “Towards global EU action against trafficking in human beings”, in Brussels, brought together nearly 600 participants. Its final declaration marked agreement on a number of crucial objectives in the fight against human trafficking. It also contributed to the development of an action-oriented paper, adopted by the Council in December, aiming to strengthen the commitment and coordinated action of the EU and the Member States to prevent and fight all forms of trafficking in human beings in partnership with third countries, regions and organisations at international level.

The implementation of the pilot mobility partnerships between Moldova and Cape Verde and the Commission with a range of Member States remained on course in 2009. A new mobility partnership with Georgia was signed in November.

The Commission also continued to play an active role in the policy dialogue on migration and asylum issues in various international and regional fora and at events such as the global forum on international migration and development, which took place in Athens in November 2009. Work has also continued on the partnership on migration, mobility and employment of the Lisbon action plan, adopted in December 2007. Of particular importance at international level was the launch, in June, of the structured and comprehensive bi-regional dialogue on migration between the European Union and the countries of Latin America and the Caribbean.

**Case study: MIEUX gets going**

Migration EU Expertise (MIEUX) is a Joint EC-ICMPD<sup>56</sup> initiative that supports third countries in addressing irregular migration and mixed migratory flows. As part of a comprehensive approach to migration management, it facilitates peer-to-peer transfer of knowledge and experience by EU Member States experts.

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<sup>56</sup> International Centre for Migration Policy Development

With €3 million funding, this three-year project is able to fast track requests for short-term technical assistance in a wide range of irregular migration-related areas. A major asset of MIEUX is its very 'light' procedural approach: only a simple written request is required. In 2009, its first year of implementation, 20 requests were received confirming growing interest. Requests received related to both southern and eastern migratory routes and represented a wide geographic scope. They ranged from border management to the development of national migration policies and improvement of migration management, legislation, return and readmission, migration statistics, trafficking in human beings and information campaigns. Two actions have already been completed: in Malawi, MIEUX increased the capacities of the relevant authorities in the field of border management, and a seminar on visa facilitation and migration was organised in Kazakhstan. Approval has been granted to prepare the implementation of actions in Angola, Armenia, Cape Verde, Mozambique and Sierra Leone.

### 2.3.10. *Environment and sustainable management of natural resources including energy*

Support for the environment and the sustainable management of natural resources is one of the main priorities of EU development cooperation.

The Development Cooperation Instrument makes provision for a thematic programme for the environment and the sustainable management of natural resources including energy (ENRTP). A total budget of €89.5 million has been foreseen to support this thematic programme from 2007 to 2013. The 2007-2010 thematic strategy paper put an emphasis on assisting developing countries to achieve MDG 7. Based on this strategy paper, the 2009 annual action programme was adopted by the Commission in May with a budget of €63 million. It focuses on major environmental issues, such as climate change, desertification, biodiversity, fisheries and forest preservation (including the EU FLEGT initiative against illegal logging). Support for the developing countries' capacity to implement multilateral environmental agreements also continued. An external review was carried out on the implementation of the ENRTP as part of the mid-term review process, and draft results were presented at a meeting of Member States and civil society in September 2009. The preparation of the strategy for 2011-2013, which will take into account the results of the review process, has started with a view to adoption in the first half of 2010.

In 2009, the Global Climate Change Alliance received an allocation of €5 million to support poor developing countries most vulnerable to climate change, in particular the least developed countries and small island developing states. Eight countries benefited from financial support in 2009: Bangladesh, Guyana, Jamaica, Mali, Mauritius, Rwanda, Senegal and Seychelles. In addition, a €3 million facility has been set up to provide support, hold events and conduct analyses and studies. A complementary €40 million GCCA support programme was decided under the 10<sup>th</sup> EDF intra-ACP strategy. This programme is focused on regional activities in the Caribbean, in the Pacific and in Africa, and involves cooperation with regional organisations that deal with climate change policy. The Commission also started the implementation of the EUroCLIMA initiative aimed at fostering climate change dialogue between the EU and Latin America.

#### **Case study: The Global Climate Change Alliance**

The GCCA is an EU initiative aimed at strengthening political dialogue and cooperation on climate change with the most vulnerable and poorest developing countries. Through the



GCCA, support is being tailored primarily towards actions integrating climate change in developing countries' policies. Support focuses on adaptation activities, especially in the water and agricultural sectors; reducing emissions from deforestation and forest degradation; disaster risk reduction; and on enhanced participation of least developed countries in the carbon market.

Fifteen countries have been identified and activities have started 12 of them: Bangladesh, Cambodia, Guyana, Jamaica, Mali, Maldives, Mauritius, Rwanda, Senegal, Seychelles, Tanzania and Vanuatu. More countries will be able to benefit from this support over the coming years.

In the context of the EU's overall energy policy objectives, support continued for the Global Energy Efficiency and Renewable Energy Fund (GEEREF) with an allocation of €15 million in 2009. The objective is to pool public and private funds through an innovative public-private partnership in order to offer new risk sharing and co-funding options for investors in the areas of energy efficiency and renewable energy. In 2009, GEEREF invested €22.5 million in two new funds in Asia and South Africa.

All these ENRTP activities have been complemented by projects and programmes funded under the geographical financial instruments. The Commission pursued its efforts in preserving tropical forests and improving forest governance. Progress has been made under the FLEGT initiative with the signature of a voluntary partnership agreement with the Republic of Congo, in addition to one already signed with Ghana. FLEGT negotiations continued with Cameroon, Malaysia and Indonesia and were started with Liberia and the Central African Republic. In the area of biodiversity and protected areas, the Commission continued its support for the conservation and sustainable management of the tropical forest in Africa (Democratic Republic of Congo, Sierra Leone, Liberia) and central America (Honduras). In addition to individual field projects, the Commission has actively contributed to international processes against desertification, such as the International Land Coalition or the organisation of the first open scientific conference on desertification in the UNCCD context. It has also carried out preparatory studies under the EU/AU Partnership of the Green Wall initiative, which aims to counter the advance of desertification in the Sahel and the Sahara using ecosystem approaches.

As part of the external fisheries policy, the Commission pursued its actions to promote the sustainable use of marine resources outside EU waters. The Commission encouraged the strengthening of fisheries management in ACP countries under the 10<sup>th</sup> EDF through regional programmes in the Pacific and the south-west Indian Ocean. In total, EU financial support<sup>57</sup> to the fishery sector in developing countries amounted to about €180 million in 2009.

In 2009, the Commission applied for the first time the budget support method to the environment sector with the aim of implementing national environment policies. Two countries have benefited from this new approach: Ukraine (€35 million) and Ghana (€8 million).

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Including EDF and the financial compensation under the Fishery Partnership Agreements

### 2.3.11. Food security

It is estimated that more than one billion people were undernourished worldwide in 2009. Maternal and child malnutrition is responsible for 3.5 million child deaths per year. Even before the last food and economic crises these numbers had been increasing for a decade. This worrying trend has interlinked structural causes: demographic growth; increase of meat consumption in developing and, even more, in emerging countries; urban growth; and speculation on food commodities. These factors increased pressure on the world food market and led to high price volatility. In addition agricultural production in many developing countries is negatively affected by climate change and ecosystem degradation. Competition is intensifying for access to agricultural land, be it for food or agro-fuel production.

In this context EU development activities were confronted in 2009 with a double challenge:

- Implement the ambitious "rapid response" mechanism decided in 2008 for €1 billion, to mitigate in the short- to medium-term the impacts of the food crisis;
- Address on a longer-term basis the structural causes of food insecurity.

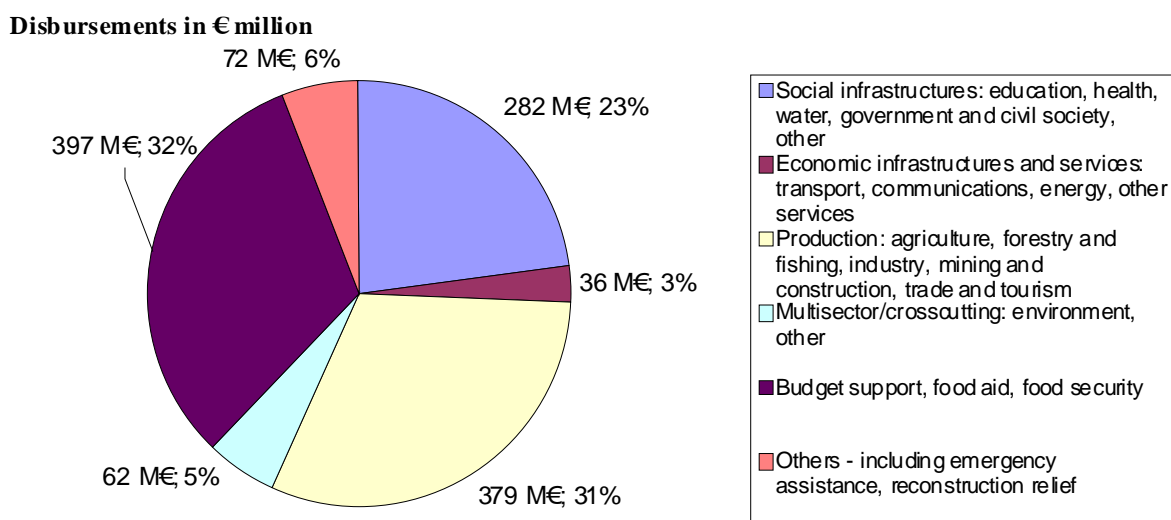
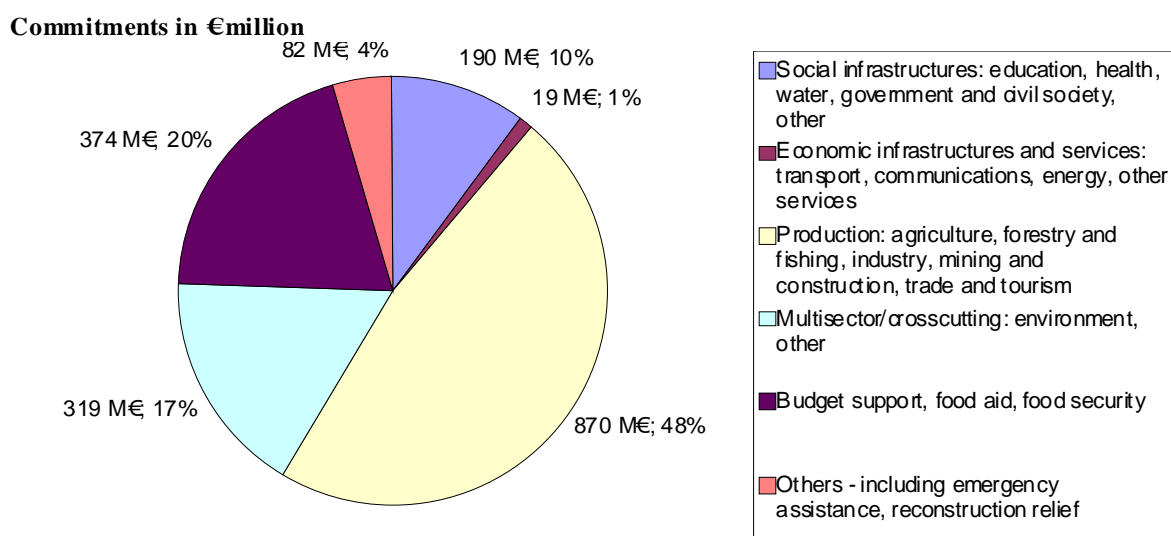
Implementation of the Food Facility has been remarkably fast, bringing the European Union to the forefront of the global response to the food crisis, with a rapid, concrete and transparent mechanism for local action. From the total of €1 billion, two financing decisions were adopted at the beginning of 2009. The first for an amount of €13 million concerned joint management projects with international organisations (FAO, WFP, UNICEF, World Bank, UNDP, IFAD, African Union-IBAR, UNOPS, UNRWA, ...). A second decision allocated €93 million for supporting projects with international organisations and for financing a call for proposal from civil society. A third set of financing decisions for a total value of €29.7 million, mainly including budget support measures, was approved in December, bringing the total amount committed in 2009 to €37 million.

Addressing the structural causes of food insecurity is pursued through the EU's "regular" instruments for external assistance, in particular the Development Cooperation Instrument and the European Development Fund. In 2009, the Commission committed some €36 million under the food security thematic programme while €64 and €35 million were committed for rural development, agriculture and food security under the geographic allocations of the DCI and EDF respectively.

In addition, the European Commission took steps in 2009 to do more to address malnutrition, issuing a concept note on malnutrition and hosting a high-level meeting of the UN standing committee on nutrition with key participation from developing countries. The objective is to pave the way for a sustained response to the multiple factors that affect food security for the most vulnerable populations in developing countries through social action on safety nets and nutritional initiatives, linking in with health and education, and complementing actions to promote agricultural production and marketing.



**Figure 27 DCI Thematic - Breakdown by sector of external aid financed on the General EU budget managed by EuropeAid in 2009**



Bilateral and Multilateral ODA (EuropeAid only).  
Including Food Facility.

**Figure 28 DCI Thematic - External aid financed on the EU budget managed by EuropeAid.**

€millions	2007	2008	2009
<b>Commitments</b>	834	956	1 854
<b>Disbursements</b>	745	838	1 233

Bilateral and Multilateral flows (EuropeAid only).

**Figure 29: DCI Thematic - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Bolivia	SBS	Agricultural policy and administrative management	Response to the food prices crisis by reinforcement of food sovereignty and security operations	7,75
Congo, Dem. Rep.	GBS	General budget support	Budget support programme for economic stabilisation of DRC (food facility)	26,00
Georgia	SBS	Food aid/Food security programmes	Food Security Programme 2009	2,00
Ghana	GBS	General budget support	general budget support in response to high international food prices	15,00
Guyana	SBS	Industrial crops/export crops	Annual Action Plan 2009 on Accompanying Measures on Sugar	18,13
Guyana	SBS	Flood prevention/control	Sustainable coastal zone protection through Mangrove management	4,17
Haiti	GBS	General budget support	Set of measures implementing the Facility for rapid response to soaring food prices in developing countries	5,80
Jamaica	SBS	Agro-industries	Accompanying measures 2009 for sugar protocol countries - Sector budget support component	8,47
Jamaica	GBS	General budget support	Debt Reduction enhancement programme 2009	8,35
Malawi	GBS	General budget support	Food Facility to address the budgetary and social impact of soaring international food prices	15,90
Mauritius	GBS	General budget support	Promoting sustainable and equitable development	58,98
Mauritius	GBS	General budget support	General budget support - Global Climate Change	3,00
Rwanda	SBS	Rural development	Sector budget support for environment and natural resources "Global Climate Change Alliance"	4,56
Rwanda	SBS	Agricultural policy and administrative management	Sector budget support for agricultural intensification	15,60
Seychelles	GBS	General budget support	Climate Change support programme	2,00
St.Kitts-Nevis	GBS	General budget support	Accompanying Measures 2009 for Sugar Protocol Countries	10,43
Tajikistan	SBS	Social/ welfare services	Support to the Social Safety Nets - Global Food Facility Programme	7,75
Trinidad & Tobago	SBS	Trade-related adjustment	Annual Action Plan 2009 under AMSP	10,76
<b>Grand Total</b>				<b>224,64</b>

GBS : General Budget Support  
SBS : Sector Budget Support

## 2.4. Democracy and human rights

The universality and indivisibility of human rights, the responsibility to defend them throughout the world, the promotion of pluralist democracy, support to civil society and effective guarantee for the rule of law are essential principles for the European Union.

In promoting human rights and democracy worldwide, the EU uses a whole range of approaches, from political dialogue and diplomatic initiatives to specific instruments of financial and technical cooperation. Improving the design and the impact of external assistance by ensuring coherence, complementarity and synergy between the

geographic and thematic instruments and programmes has been a priority over the past years.

The European Instrument for Democracy and Human Rights (EIDHR)<sup>58</sup> complements and reinforces actions on human rights and democracy within the framework of relevant EU policies. EIDHR is a free-standing financing instrument to contribute to the development and consolidation of democracy and the rule of law and respect for all human rights and fundamental freedoms across the globe.

Building on its key strength, which is the ability to operate without the need for host government consent, EIDHR is able to focus on sensitive political issues and to cooperate directly with local civil society organisations which need to preserve independence from public authorities. In addition, it works through strategic cooperation with international organisations. EIDHR can also be active in countries that may be described as “difficult partnerships” where fundamental freedoms are most at risk and where geographic programmes meet obstacles.

For 2007-2010, the main EIDHR aims are to: (i) enhance respect for human rights and fundamental freedoms in countries and regions where they are most at risk; (ii) strengthen the role of civil society in promoting human rights and democratic reform, in supporting the peaceful conciliation of groups of interest, and in consolidating political participation and representation; (iii) support actions in areas covered by EU guidelines, including human rights dialogues, human rights defenders, the death penalty, torture, children and armed conflict and the promotion and protection of the rights of the child; (iv) support and strengthen the international and regional framework for the protection of human rights, justice, the rule of law and the promotion of democracy; and (v) build confidence in and enhancing the reliability and transparency of democratic electoral processes, in particular through EU election observation missions.

EIDHR has made considerable provisions for country-specific small-scale projects in order to further enhance local ownership and improve access by civil society organisations from the countries and regions concerned. In all, 64 local calls for proposals were launched during 2009 with a total budget of €49.6 million, resulting in the signature of 371 contracts. An additional 79 contracts were signed with a total budget of €65.4 million, covering strategic partnerships with international organisations as well as the projects selected under four global calls for proposals. These covered: the guidelines on torture; the human rights masters programme; the human rights and fundamental freedoms where they are most at risk; and civil society support for the International Criminal Court. This gives a total EIDHR budget for 2009 of €115 million, excluding election observation missions.

The chart below gives an idea of the wide range of topics covered by this global instrument to promote democracy and human rights.

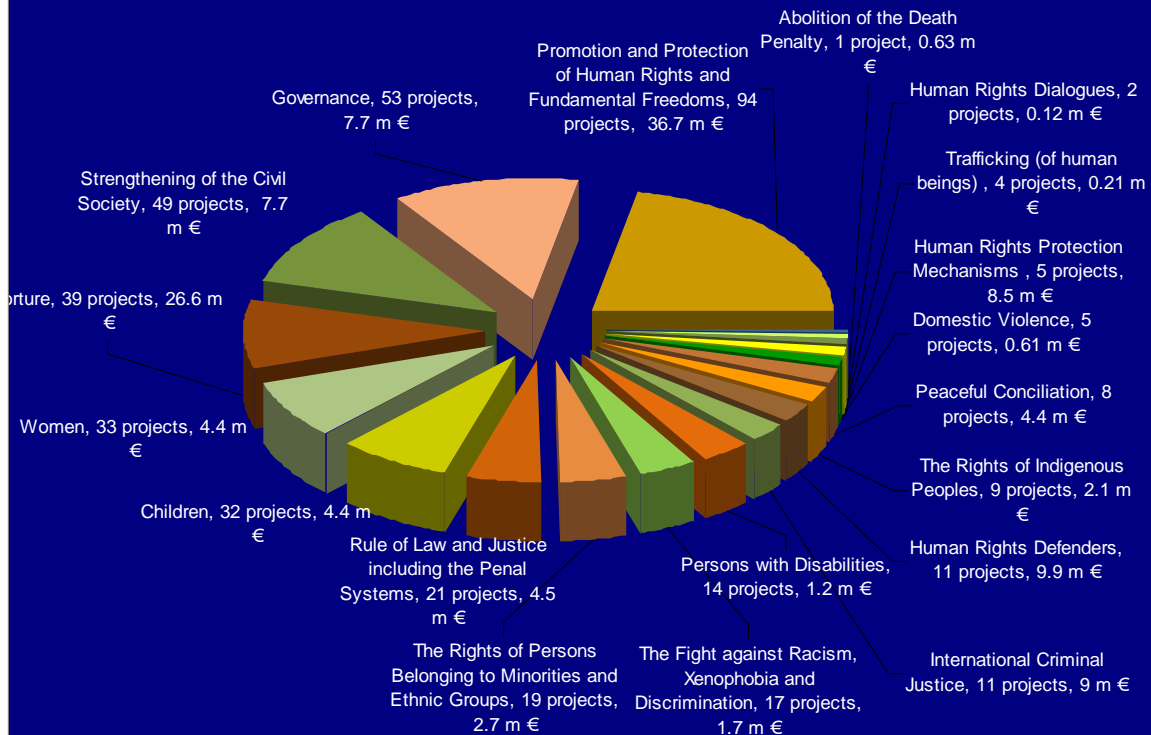
**Figure 30: EIDHR implementation - Breakdown by project theme and number (January 2007-April 2009)**

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<sup>58</sup> Regulation (EC) No. 1889/2006 of 20 December 2006

## Instrument 2007-April 2009, Complete Overview without EOM

### Breakdown by Theme and No. Implemented Projects



### Lessons learnt

To learn from its actions and to improve the impact of its work, the Commission carried out two global evaluations and studies of EIDHR during the reporting period. In its effort to scrutinise its core activities, an evaluation was concluded in December 2008 on EIDHR support for the establishment and functioning of the International Criminal Court.<sup>59</sup> The evaluation covered 29 projects worldwide supported under the EIDHR since 2000, implemented both by the ICC directly and by CSOs working to support its functioning. The report says that EU support has been highly relevant and that the EU is a major donor worldwide in this field. The support has been efficient and effective in terms of state ratifications of the ICC's Rome Statute, but it could be improved in relation to national implementing legislations and complementarity between the ICC and the national judicial apparatus. The evaluation further concludes that projects have contributed to enhance the capacity of governments, civil society organisations and legal experts in relation to the ICC. In addition to this global evaluation, the EU Delegations in Colombia and Sri Lanka have carried out evaluations published in 2009 of their local human rights projects.<sup>60</sup>

<sup>59</sup>

[http://ec.europa.eu/europeaid/what/human-rights/studies\\_evaluations\\_en.htm](http://ec.europa.eu/europeaid/what/human-rights/studies_evaluations_en.htm)

<sup>60</sup>

[http://ec.europa.eu/europeaid/what/human-rights/studies\\_evaluations\\_en.htm](http://ec.europa.eu/europeaid/what/human-rights/studies_evaluations_en.htm)

Further, a compilation of all EIDHR projects was concluded to give a complete overview of the activities supported since 2000. An electronic Compendium<sup>61</sup> is available.

#### **Case study: A tale of Dalits in Nepal**

Dalan, a highly successful TV soap opera on caste-based discrimination in Nepal, received initial funding from the EIDHR allocations to Nepal. Jagaran Media Centre, a Nepalese NGO working on Dalit issues, produced the series with additional financial support from Denmark and Germany. Dalan is shown every week and will remain on Nepal television for at least another 12 months.

Dalan, meaning suppression, is based on the suffering, over the centuries, of naïve citizens, the shame they encountered and their struggle for liberation.

Pre-production planning included talks with various interested stakeholders. A survey to ascertain what viewers would like to watch on TV was also carried out.

Films and documentaries, covering the sensitive issue surrounding Dalits, have been rare. Encouraged by the soap opera, many youths in different parts of the country have formed clubs. They have started lobbying and advocacy against various discriminations. Dalan is also being screened internationally. Thus, it is reaching mass audiences, and spreading effectively the issue of equal rights. By endeavouring to transform the psychological mindset of society, the series has met with success in raising awareness about discrimination, and combating it.

#### **Protection and promotion of human rights through mainstreaming**

The European Union is committed to mainstreaming human rights throughout its activities, as outlined by the European consensus on development.

As an example of mainstreaming, the EU supported several projects in 2009 in the justice sector within the bilateral cooperation framework. Being tailored to each country's legal system, social values and accepted principles, these projects were centred on ensuring a better access to justice for people and guaranteeing the respect of human rights for the persons processed through the justice system.

Various approaches were designed for this purpose, from support for institutional reforms aimed at strengthening the independence, impartiality and professionalism of the judiciary (Egypt), to the improvement of national legal frameworks ensuring a fair and timely trial, provision of free legal aid and civic education (Malawi, Nigeria), improving detention conditions, prison management and introducing alternatives to imprisonment (Jordan) as well as addressing the issue of the efficiency and transparency of the judiciary, notably through court automation and case management (Syria).

#### **Case study: EIDHR support for parliamentarians for global action**

For a number of years, the EIDHR has supported global civil society campaigns designed to ensure the effective functioning of the International Criminal Court.

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<sup>61</sup> [http://ec.europa.eu/europeaid/what/human-rights/projects\\_en.htm](http://ec.europa.eu/europeaid/what/human-rights/projects_en.htm)

The organisation "Parliamentarians for Global Action" (PGA) has been one of the longstanding beneficiaries. PGA is a network of more than 1 300 members of national (or regional) parliaments around the world who agreed to contribute to a common human rights-based agenda. One of the key activities of PGA is to use its membership of national parliamentarians to lobby for ratification of the Rome Statute, complementary legislation and implementation of international justice commitments by governments. PGA's contribution has been widely acknowledged by many actors. The EIDHR-supported projects implemented by PGA have been successful in widening the support base for the ICC, in increasing the understanding and support for the principles and rules of the Rome Statute, and in the adoption of legislation on ICC ratification and/or implementation in a wide range of countries.

## **Electoral support**

A democratic electoral process is part of establishing a system of government that can ensure respect for human rights and the rule of law, and thereby contribute to preventing violent conflicts. To support the conduct of genuine, democratic elections the EU has been providing electoral support (electoral observation and electoral assistance) to a wide range of partner countries.

### *Electoral observation*

The purpose of EU Electoral Observation Missions (EOMs) is to assist partner countries in their objective to hold elections of a high standard. In this context, EOMs conduct comprehensive analysis of the electoral process and provide impartial and informed assessments of elections to strengthen voters' confidence in participating freely.

Since 1993, the EU has conducted more than 110 observation missions all over the world. In 2009, EU EOMs were deployed to Bolivia, Ecuador, El Salvador, Malawi, Lebanon, Afghanistan, Guinea-Bissau and Mozambique. Experts' missions were sent to follow the electoral processes in Ivory Coast, South Africa, Niger, Indonesia, and Iraq.

### **Case study: EU EOM Lebanon (2009)**

The June 2009 parliamentary elections marked an important step for the consolidation of democracy in Lebanon. Its population showed a high degree of civic awareness throughout the campaign, with a high turn-out on election day.

Deeply committed to the democratic process in Lebanon, the EU deployed a mission of 100 observers from 26 Member States to assess electoral preparations, voting and counting processes.

While there were some improvements, work still remains to bring Lebanon into line with international standards. The mission made 36 recommendations to improve the electoral process and further boost voter confidence. The final report is published in Arabic, French and English at [www.euomlebanon.org](http://www.euomlebanon.org)

### *Electoral assistance*

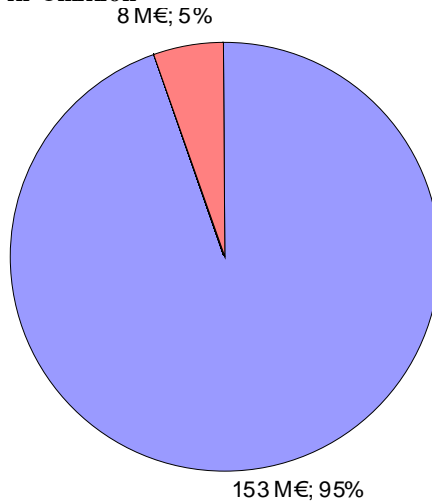
The strategy for an effective electoral assistance that supports electoral processes and that integrates activities into a wider democratic governance perspective has been further developed.

In 2009, the Commission adopted financing decisions to support electoral assistance related programmes/projects in: Afghanistan, Bolivia, Guinea-Bissau, Moldova, Tanzania and Togo, with a total budget around €60 million. The development of methodological tools and the coordination and collaboration with the main actors involved continued to be a priority. A pioneer eLearning course on effective electoral assistance developed within the Train4Dev initiative and in collaboration with UNDP, the Institute for Democracy and Electoral Assistance, the International Organization for Migration, the Canadian International Development Agency and the Spanish Ministry of Foreign Affairs was launched in June 2009. Cooperation in the field of electoral assistance with regional organizations and in particular with African Union, the Economic Community Of West African States, Southern African Development Community and the Arab League was further strengthened and two joint workshops were held in Brussels in 2009, one with the African Union and the other with the Arab League.

Recommendations by EU election observation missions represent a valuable tool for better assessing the strengths and weaknesses of the electoral process in a given country and ensuring their integration into the design of the post-electoral activities.

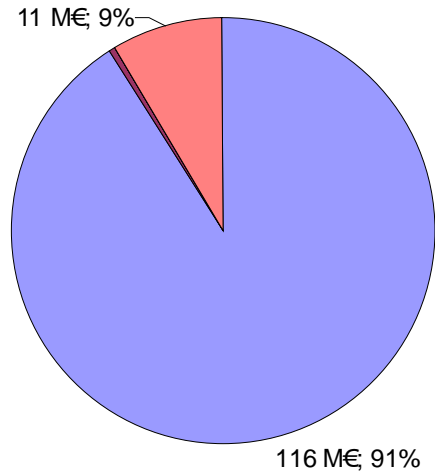
**Figure 31 EIDHR - Breakdown by sector of external aid financed on the EU budget managed by EuropeAid in 2009**

**Commitments in €million**



- Social infrastructures: education, health, water, government and civil society, other
- Economic infrastructures and services: transport, communications, energy, other services
- Production: agriculture, forestry and fishing, industry, mining and construction, trade and tourism
- Multisector/crosscutting: environment, other
- Budget support, food aid, food security
- Others - including emergency assistance, reconstruction relief

**Disbursements in €million**



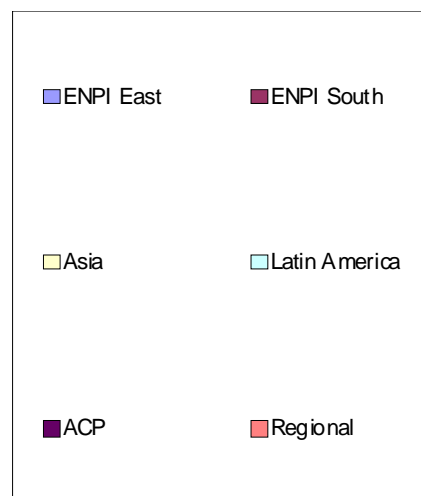
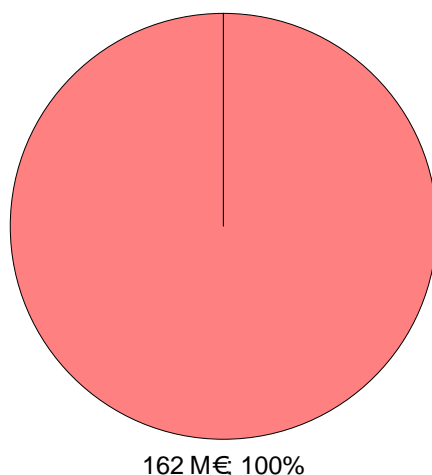
- Social infrastructures: education, health, water, government and civil society, other
- Economic infrastructures and services: transport, communications, energy, other services
- Production: agriculture, forestry and fishing, industry, mining and construction, trade and tourism
- Multisector/crosscutting: environment, other
- Budget support, food aid, food security
- Others - including emergency assistance, reconstruction relief

Mains sectors : Government and civil society, Administrative costs related to EIDHR  
Bilateral and Multilateral ODA (EuropeAid only).

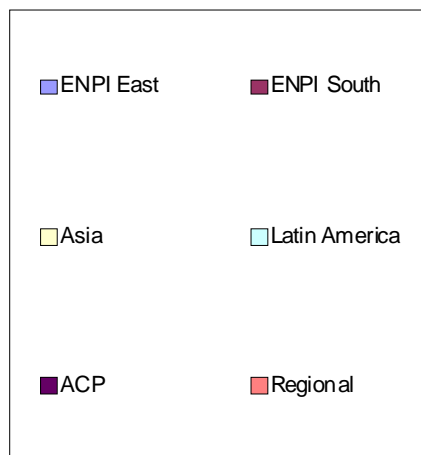
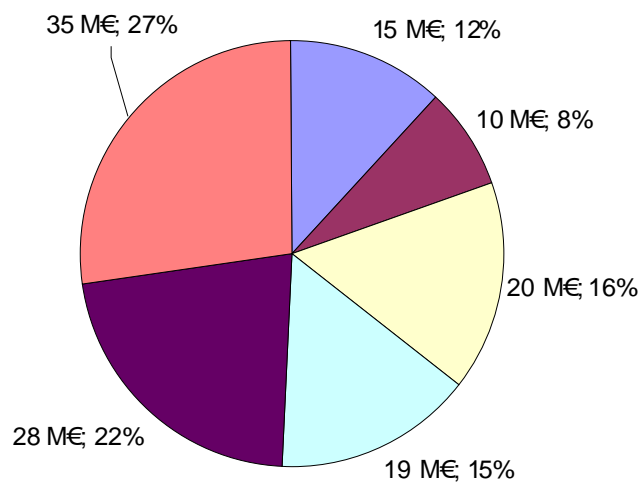


**Figure 32 EIDHR - Breakdown by region of external aid financed on the EU budget managed by EuropeAid in 2009**

**Commitments ( €million)**



**Disbursements ( €million)**



Beneficiary countries not identified at commitment stage. (multi-regional call for proposal)  
Bilateral and Multilateral ODA (EuropeAid only).

**Figure 33 EIDHR - External aid financed on the EU budget managed by EuropeAid.**

€millions	2007	2008	2009
<b>Commitments</b>	142	153	162
<b>Disbursements</b>	130	121	131

Bilateral and Multilateral flows (EuropeAid only).

## 2.5. Stability

### 2.5.1. Crisis response and preparedness

#### 2.5.1.1. Short-term measures

Three years after its launch, the Instrument for Stability (IfS)<sup>62</sup> is now a well-established EU crisis management tool. Over the three-year period, €350 million were mobilised in total for close to 100 individual actions worldwide.

In 2009, 42 actions for a total of €145 million were launched and the entire available budget executed. The 2009 budget for crisis response was cut by €70 million as a result of the political decision to redeploy €240 million from the overall IfS financial envelope to funding the new food facility. This redeployment will be carried out over several years, with another €70 million being redeployed in 2010, and the remaining €100 million spread over 2011-2013.

In terms of the geographic distribution of crisis responses since 2007, the picture remains fairly balanced, with the main share of support continuing to be provided in Africa (mainly Democratic Republic of the Congo, Central African Republic, Chad, Zimbabwe, Somalia – some 25%), followed by actions in Asia (mainly Pakistan, Sri Lanka, Nepal, Philippines, southern Thailand, Bangladesh, Timor-Leste – some 20%), the Middle East (Lebanon, occupied Palestinian territory, Iraqi refugees in Syria – now some 18%), followed by Kosovo (€34 million) and Georgia (€31 million).

Thematically, the adopted measures cover a broad range of issues, targeted on the specific needs of each conflict/post-conflict situation:

- short-term advice to develop and kick-start post-conflict security system reform (Central African Republic, DRC, Guinea-Bissau, Lebanon, occupied Palestinian territory, Pakistan, Timor-Leste),
- flanking measures in areas where European Security and Defence Policy (ESDP) missions are deployed (Afghanistan, Chad, DRC, Horn of Africa, Georgia, occupied Palestinian territory, Kosovo<sup>63</sup>),
- support for regional peace-building capacity (AU – AMISOM Somalia, AU-UN Mediation in Darfur),
- Rule of law and transitional justice (Afghanistan, Colombia, Haiti, Kyrgyzstan, Lebanon, Sierra Leone, Solomon Islands, western Balkans),
- support for interim administrations and special tribunals (International Civilian Office Kosovo, Hariri Tribunal),
- support for conflict resolution and reconciliation (Burma, Colombia, Moldova, Nepal, Peru, occupied Palestinian territory, southern Thailand, Sri Lanka, Uganda, Zimbabwe),
- support to fragile electoral processes (Africa-wide, Bolivia, Comoros, Haiti, Moldova, Pakistan),
- post-conflict and post-disaster recovery programmes and needs assessments (Bangladesh, Cuba, Lebanon, Nicaragua, Peru),

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<sup>62</sup> Regulation (EC) N° 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability

<sup>63</sup> UNSCR 1244/99

- support for displaced populations (Lebanon, Syria)

#### 2.5.1.2. Long-term measures

Regarding the long-term programmes under IfS, a total of €139 million was mobilised in the first three years, of which €20 million were committed in 2007-2009 for actions under the crisis preparedness component (peace-building partnership). An additional €30-39 million are foreseen for the period 2009-2011 under the indicative programme adopted in April 2009.

In 2009 itself, the peace-building partnership mobilised a total of €5 million, focusing on the following activities: i) reinforcing cooperation and building capacity with international, regional and sub-regional organisations, *inter alia* for their early warning networks through the deployment of common tools and working practices; ii) Training of up to 600 additional police experts for participation in civilian stabilisation missions.

Dialogue with civil society organisations was further enhanced by four consultation meetings which took place in 2009 under the peace-building partnership.

In the first half of 2009, stocktaking and scoping study on the peace-building partnership was commissioned to draw lessons from the first year of implementation and formulate recommendations. It constitutes the basis for the draft 2010 Annual Action Programme for the IfS crisis preparedness component.

#### 2.5.2. Global and regional trans-border challenges

Global and regional trans-border challenges are addressed by actions funded under the long-term component of the Instrument for Stability (Article 4). A total of €139 million was mobilised in the first three years, of which €36 million for actions addressing trans-regional security threats and €3 million for actions mitigating the risk from chemical, biological, radiological and nuclear weapons.

The indicative programme for 2009-2011 adopted in April 2009 foresees up to €25 million over three years, with €3 million for actions addressing trans-regional security threats, and €123 million for actions to mitigate chemical, biological, radiological and nuclear risks.

##### 2.5.2.1. Trans-regional threats

In 2009, a major project was launched to tackle trafficking and organised crime along the “cocaine route” from Latin America via the Caribbean and west Africa to Europe. With an overall budget of €6.5 million, the objectives are to:

- strengthen the anti-drug capacities of beneficiary countries in west Africa at selected airports;
- strengthen cooperation in countering maritime trafficking and supporting capacity building in the fight against international criminal networks in west Africa;
- enhance the capacity of law enforcement, judicial and prosecuting authorities of Latin American and Caribbean countries in tackling transnational organised crime;
- support the fight against money laundering and financial crime in LAC countries.

In the field of counter-terrorism, a contribution agreement has been signed with ACSRT (African centre for studies and research on terrorism). Specific objectives of the project are: capacity building, networking, information exchange, raising awareness and understanding on the need to address the global scourge of terrorism through cooperation. Two contracts have been signed for feasibility studies with regard to possible future actions in the field of counter-terrorism for the Sahel region and south Asia.

Adopted in September 2009, the programme on critical maritime routes aims to contribute to the security and safety of navigation in the Straits of Malacca and Singapore, the Horn of Africa and Gulf of Aden (together €4.5 million) inter alia by providing support to capacity building of local maritime administrations.

A pilot project on "Piracy, maritime awareness and risks" (PMAR, €1 million) aims to deliver maritime surveillance data of the region off the coast of Somalia on a routine basis to operational users in the field.

Through PRELAC (Prevention of the diversion of drugs precursors in the Latin American and Caribbean region) the EU is providing support (€2.2 million) to 12 countries in Latin America and the Caribbean. It serves to strengthen the capacities of national administrative control authorities within the region, mainly by means of an enhanced exchange of information.

In 2009, the European Union continued to promote the control of small arms and light weapons (SALW) in all multilateral fora and in political dialogue with third countries. The EU also addressed the destabilising effects of the proliferation and trafficking of SALW, firearms and explosive materials through concrete projects with a trans-regional dimension. A validation workshop in October 2009 discussed SALW priorities for the Annual Action Plan 2010.

In Central America, the EU supported the Central American small and light weapons control programme (CASAC) in its efforts to fight against the illicit trafficking of firearms and explosive materials in Central America and neighbouring countries (€1 million).

In Africa, the EU provided support to the regional centre on small arms, located in Nairobi, in the fight against illicit accumulation and trafficking of firearms and explosive materials within the framework of the Africa-EU strategic partnership (€3.3 million).

#### 2.5.2.2. Chemical, biological, radiological and nuclear (CBRN) risk mitigation

In 2009, support was provided for efforts to fight the trafficking of CBRN materials, principally by supplying former Soviet republics (Russian Federation, Ukraine, Armenia, Moldova, Georgia, Azerbaijan and Belarus) with equipment for detection of nuclear and radioactive materials (NRM) at border check points. Assistance in the improvement of the technical and organisational measures for detection of illicit trafficking was extended to Afghanistan, Central Asia, some Mediterranean countries and the ASEAN region. In parallel, two projects on knowledge management systems in south-east Europe, the Caucasus, North Africa and selected countries in the Middle East contributed to develop a durable cooperation in the area of trafficking of CBRN materials through improved exchange of information and knowledge among

participating states, standardised data collection concerning CBRN traffic incidents, and enhanced access to the accumulated international and national experience in this field.

In addition to continued EU support to two dedicated science and technology centres in Moscow and Kiev which cover former Soviet republics, the EU has allocated funds to support the redirection of former weapons scientists and engineers in Iraq through their engagement in a comprehensive decommissioning, dismantling and decontamination of nuclear facilities. This was considered the most sustainable way to provide new civilian opportunities for these persons as well as to contribute to the economic development and environmental remediation in the country.

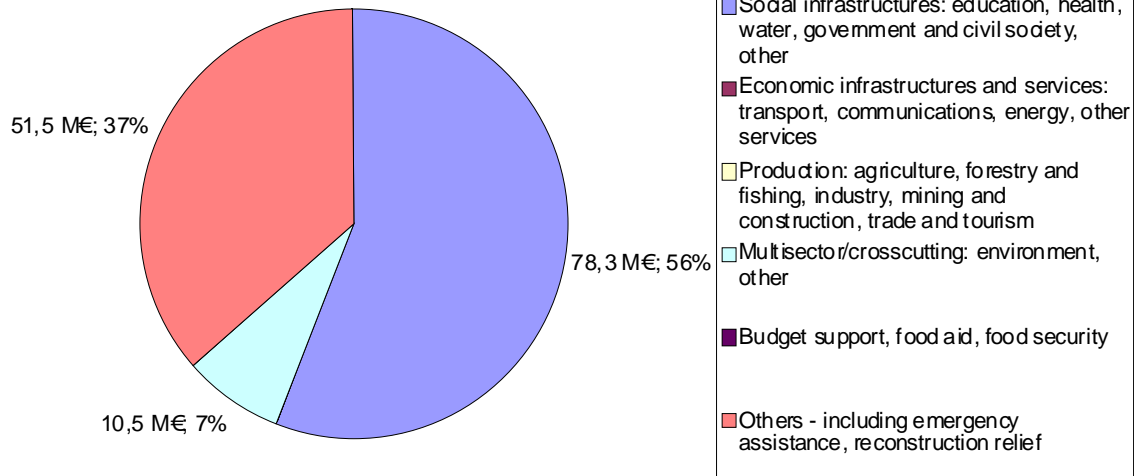
To strengthen capabilities against biological threats projects will be implemented with a special focus on improving bio-safety and bio-security in Russia and in the central Asian region by raising the scientific and technical skills of the personnel of relevant laboratories in the partner countries, by providing training and additional equipment and through the improvement of epizootiological monitoring systems and diagnostics capabilities for infectious diseases.

Support is also foreseen for a network to control of health and security threats and other bio-security risks in the Mediterranean region and south-east Europe aiming at enhancing preparedness of participating countries to common health threats and bio-risks at national and regional levels.

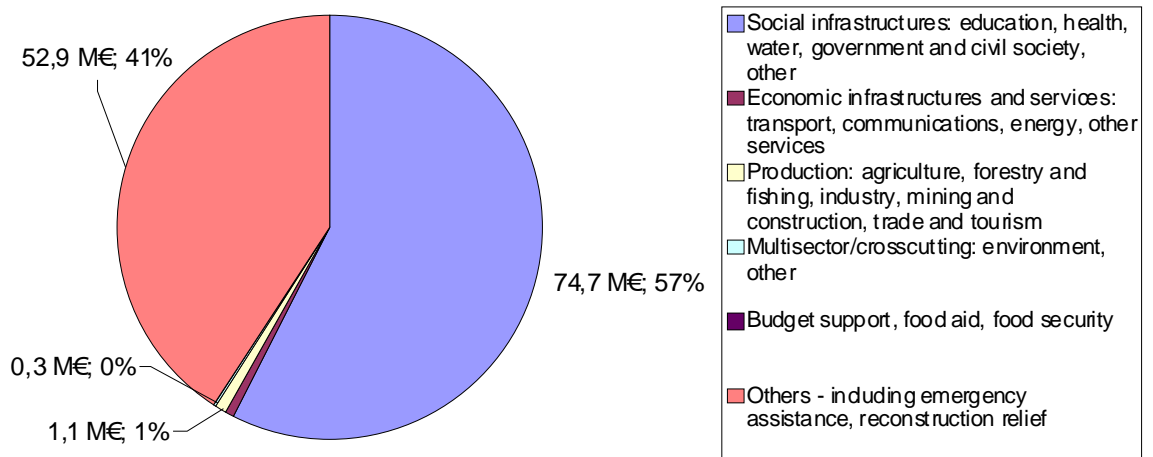
Regional centres of excellence on CBRN matters will allow the spread of best practices and raise the general level of security and safety awareness. The first phase of the project concentrates on a key region of economic growth and related CBRN risks, south-east Asia, in close cooperation with the United Nations (UNICRI) and ASEAN. A workshop attended by almost all ASEAN countries was organised in Singapore in November, which acknowledged the potential benefits of the EU approach. If the interest expressed in the workshop is confirmed, the first regional CBRN CoE could be operational in ASEAN in the second half 2010. A similar approach will be applied to the Middle East/Mediterranean basin and Africa.

**Figure 34: IfS - Breakdown by sector of external aid financed on the EU budget managed by DG EuropeAid and DG External Relations in 2009**

**Commitments in €million**

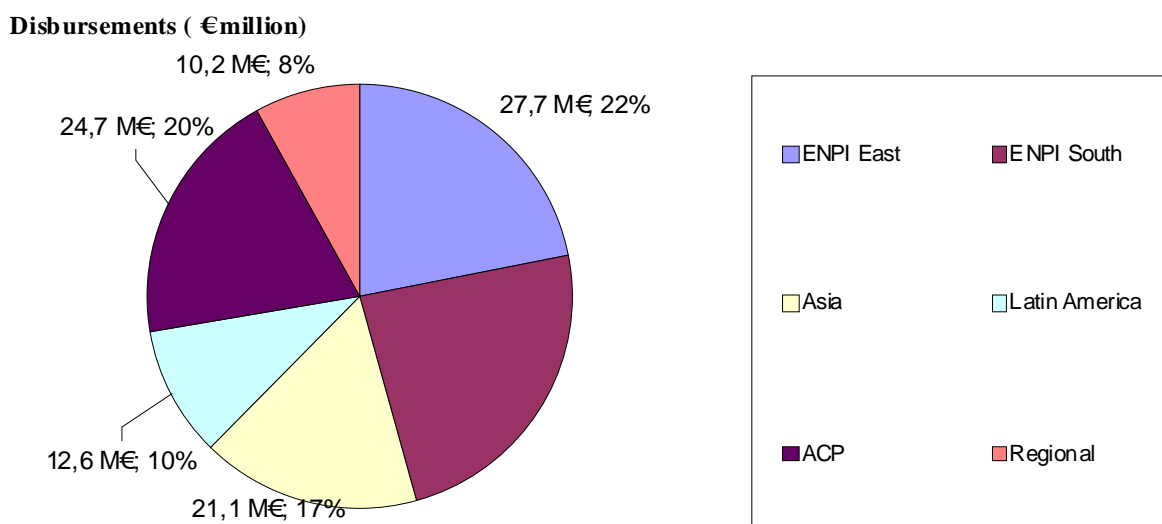
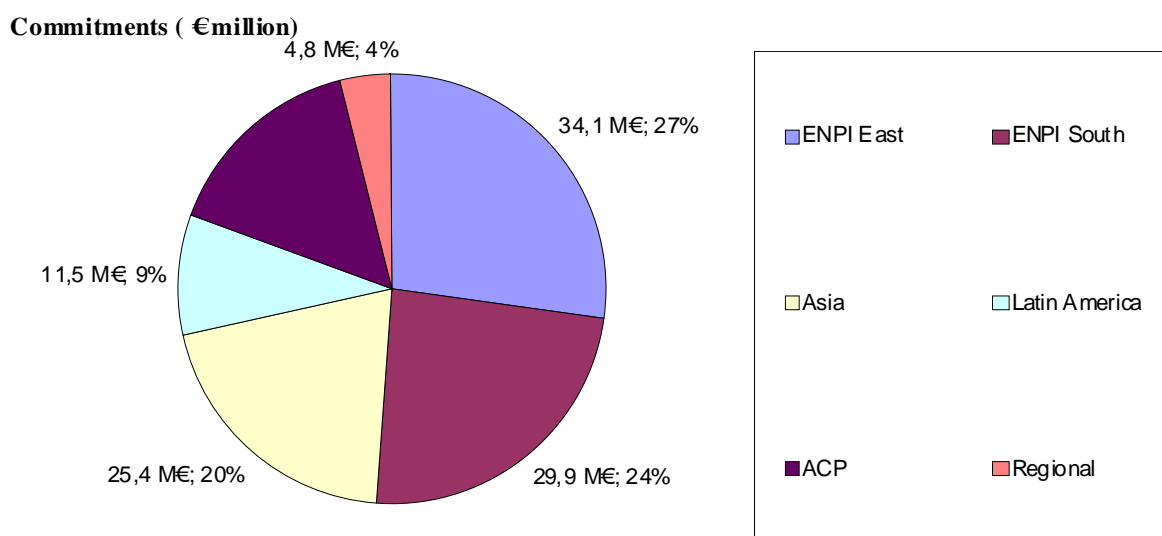


**Disbursements in €million**



Bilateral and Multilateral ODA (EuropeAid + DG External Relations)

**Figure 35: IFS - Breakdown by region of external aid financed on the EU budget managed by DG EuropeAid and Relex in 2009**



Bilateral and Multilateral ODA (EuropeAid and DG External Relations).

**Figure 36: IFS - External aid financed on the EU budget managed by DG EuropeAid and DG External Relations**

€millions	2007	2008	2009
<b>Commitments</b>	137	181	187
<b>Disbursements</b>	49	129	144

Bilateral and Multilateral ODA (EuropeAid + DG External Relations)

## 2.6. Nuclear safety

The EU continued its support for enhanced nuclear safety in members of the Commonwealth of Independent States (CIS) with the main aim of strengthening regulatory authorities in Russia, Ukraine, Armenia, Belarus and Georgia to promote an effective nuclear safety culture at all levels and to improve management policies on spent fuel and radioactive waste. The Commission paid the last instalment of its third pledge (€49.1 million in total) to the Chernobyl Shelter Fund (CSF), aimed at fulfilling the shelter implementation plan. An additional contribution of €10.7 million to the CSF has been committed, together with the new contribution (€15 million) to the nuclear safety account, for the completion of waste management facilities at Chernobyl. Other nuclear safety projects in the domain of radioactive waste management are ongoing at the Chernobyl site, with a total budget of about €16 million. In addition, the contract for the establishment of an industrial complex for solid radioactive waste management was successfully completed. In Armenia, the EU provided on-site assistance to the Medzamor nuclear power plant in the framework of an IAEA-driven action as well as to the Armenian regulatory authority.

In addition, radioactive waste management projects were adopted in Georgia (2008 and 2009 action programmes of the Instrument for Nuclear Safety Cooperation) and Armenia (2009 INSC action programme). Further radioactive waste management projects were adopted in Ukraine, for a total budget of €13 million, mainly devoted to activities in the Chernobyl exclusion zone.

In Ukraine on-site assistance projects foreseen under AAP 2008 are under way in all nuclear power plants. A pilot plant will be designated to start the implementation; the other plants will benefit from the results in a roll-out system.

The national training centre for maintenance and management in Zaporozhye, which will dispense training to all staff of NNEGC Energoatom and its nuclear power plants, has been the object of a major project that is presently under implementation.

The Instrument for Nuclear Safety Cooperation promotes the transfer of safety culture, radiation protection and the application of efficient and effective safeguards of nuclear material in non-EU countries on a worldwide scale.

After the exploratory missions to Jordan and Egypt in 2008, the EU conducted similar expert missions in south-east Asia, the Maghreb and Latin America. As a result of these missions projects to support the regulatory authorities have been defined for Vietnam, Philippines, Morocco and Brazil.

In addition projects with the Brazilian nuclear operator were also prepared.

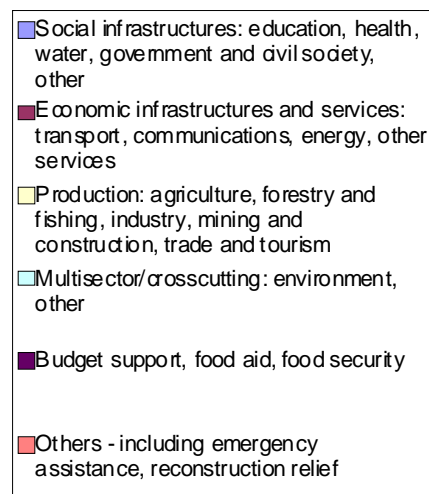
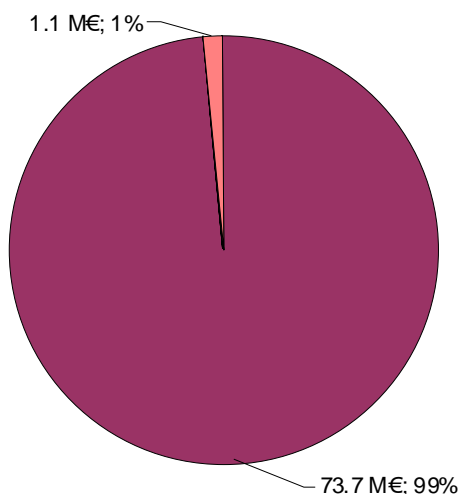
Cooperation with the IAEA saw the implementation phases of the EC-IAEA – Ukraine joint project on the safety evaluation of Ukrainian nuclear power plants with all assessments based on the IAEA safety guides. This project was due for completion by February 2010. The final conclusions and recommendations are under preparation. A package consisting of other projects with the IAEA has been defined for the action programme 2009 part II. These projects mainly deal with non-CIS countries.



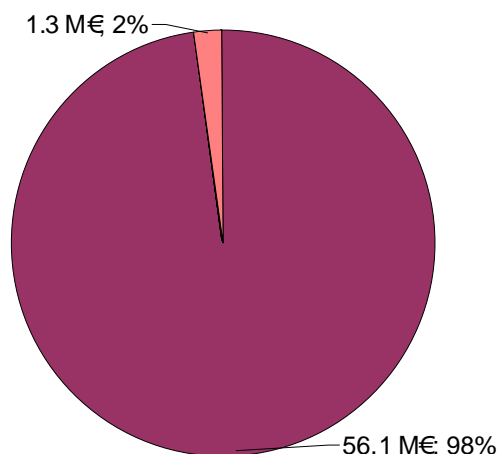
The Annual Action Programme for 2009 also includes a contribution to the Multilateral Nuclear Assurances initiative. In addition, The Indicative Programme for the IfS covering 2009-2011 has been adopted by the Commission.

**Figure 37 NSI - Breakdown by sector of external aid financed on the EU budget managed by EuropeAid in 2009**

**Commitments in €million**



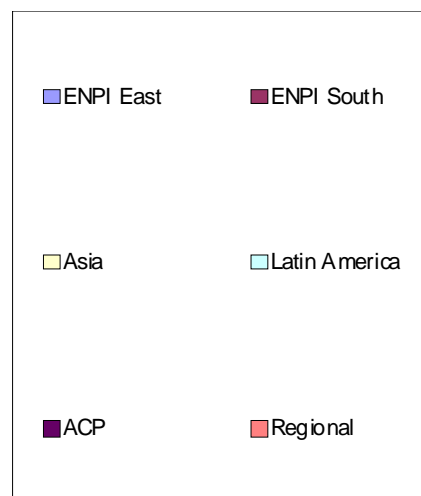
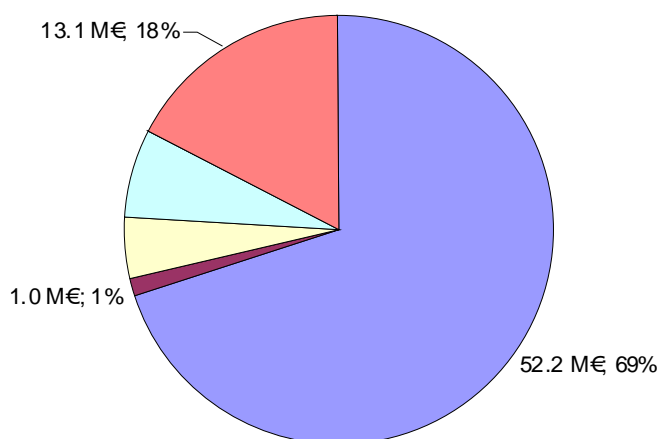
**Disbursements in €million**



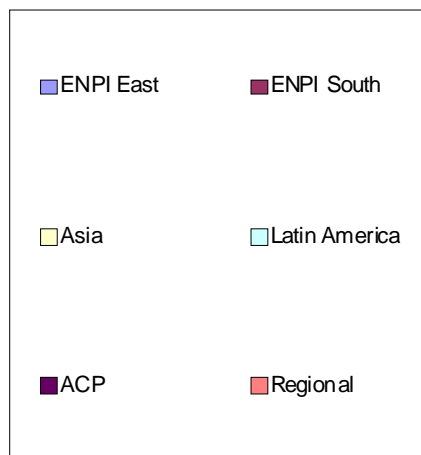
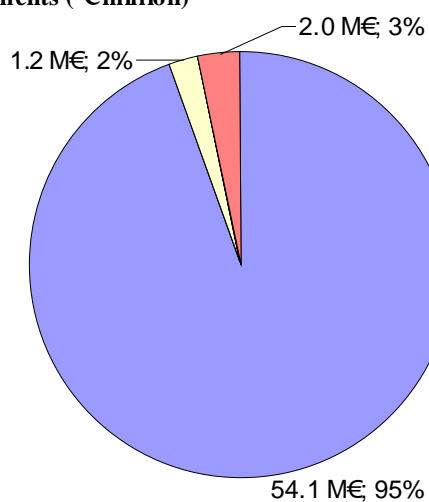
Main sector : Nuclear power plants  
Bilateral and Multilateral ODA (EuropeAid only).

**Figure 38 NSI - Breakdown by region of external aid financed on the EU budget managed by EuropeAid in 2009**

**Commitments ( €million)**



**Disbursements ( €million)**



Bilateral and Multilateral ODA (EuropeAid only).

**Figure 39 NSI - External aid financed on the EU budget managed by EuropeAid.**

€millions	2007	2008	2009
<b>Commitments</b>	78.01	72.49	74.89
<b>Disbursements</b>	56.27	76.33	76.94

Bilateral and Multilateral flows (EuropeAid only).

## 2.7. Humanitarian Assistance

### 2.7.1. Context

The Commission, through its Directorate-General for Humanitarian Aid (DG ECHO), provided needs-based humanitarian assistance to the victims of natural and man-made disasters in more than 70 countries in 2009 for a total of €30 million.

The initial humanitarian aid budget was increased several times. This was in response to the continuing effects of the global food, fuel and financial crises and to meet increased needs in a number of new or worsening crises, including natural disasters that occurred during the year.

The steady increase in humanitarian needs in recent years is due to a combination of factors: larger numbers of refugees and displaced people because of conflicts that are often long-running, more natural disasters linked to climate change, and an economic crisis that has increased the vulnerability of many people.

In 2009, **natural disasters** continued to cause serious damage throughout the world. ECHO intervened in the following disasters:

- Floods in Afghanistan, India, Tajikistan and west Africa;
- Cyclones, tropical storms and hurricanes in Bangladesh, Cambodia, Cuba, El Salvador, Fiji, India, Lao PDR, Nicaragua, Philippines Papua New Guinea and Vietnam;
- Droughts in the Horn of Africa, the Sahel region, Madagascar, the occupied Palestinian territory and Syria;
- Earthquake in Indonesia;
- Epidemics in west African countries, southern Africa and Papua New Guinea.
- Emergency assistance was also provided to Lao PDR and Bangladesh, following rodent outbreaks, and to Uganda following crop failures in the north of the country.

In terms of **man-made crises**, the conflict between government forces and the LTTE<sup>64</sup> in the north of Sri Lanka escalated dramatically from February 2009, prompting an emergency intervention to help internally displaced people (IDPs) and conflict-affected populations. By the end of the year when the fighting had ended and the government had formally declared victory over the Tamil Tigers, more than 100 000 IDPs had returned to their places of origin and a further 25 000 were released to host families. ECHO provided integrated humanitarian assistance to IDPs, returnees, host families and other conflict-affected people.

On 27 December 2008, the Israeli Defence Force launched a large-scale attack on the Gaza strip. Civilians, caught in the crossfire paid a high price and the humanitarian situation deteriorated sharply. ECHO provided emergency assistance and integrated relief for those affected. In Pakistan, emergency humanitarian aid actions were also launched to provide the relief assistance to the victims of conflict following the internal displacement of over 2.5 million people. In Afghanistan, the security deterioration and the consequences of extensive military operations, aggravated by

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<sup>64</sup> Liberation Tigers of Tamil Eelam

years of drought and recurrent small-scale disasters, caused a sharp increase in humanitarian needs in 2009 which is likely to continue in 2010. The main focus of ECHO's intervention was on the humanitarian needs of the over 5 million returnees and Internally Displaced People. In Yemen, the governate of Sa'ada has experienced six rounds of fighting since the first clashes in 2004. The emergency aid funded by ECHO aimed among other things at providing integrated relief assistance to the internally displaced people and others affected by the conflict.

In the Democratic Republic of Congo, the Dongo region, was torn by violent conflict from the end of October 2009. The fighting provoked a huge movement of refugees from the DRC into the Republic of Congo. In Somalia, the humanitarian crisis continued unabated, throughout 2009, with half the population (an estimated 3.76 million people) requiring humanitarian assistance. Those in need included victims of a severe drought, urban populations still struggling with very high prices for food and other essentials and more than 1.4 million IDPs who have fled from the fighting.

In addition to these new crises, the Commission had to manage worsening humanitarian situations often involving protracted, **complex emergencies** dating from previous years. The two main examples are Sudan and the Democratic Republic of Congo. In financial terms, these two crisis zones were DG ECHO's main theatres of intervention.

In Sudan, the Commission has contributed massively to the delivery of humanitarian aid to support over 6.5 million internally displaced persons, refugees, returnees, host communities and nomads across the country. These actions respond to needs generated by the protracted Darfur crisis and by new emergencies resulting from conflicts, inter-tribal violence, epidemics of cholera and floods. In the south and transitional areas, ECHO supported life saving interventions and services for the most vulnerable, in areas where returnees, displaced people and/or communities were facing extreme hardship. In DRC, ECHO financed actions in the north-eastern provinces of north and south Kivu and Haut and Bas Uele, its priority areas. ECHO assisted around three million people with multi-sectoral humanitarian aid and food assistance. Following improvements of the security situation, ECHO also supported IDP returnees. The issue of sexual violence continued to be integrated within all supported health programmes and specifically through the financing of a clinic for victims of sexual violence in south Kivu.

Humanitarian organisations face increasingly limited access to beneficiaries due to limitations imposed by governments and non-state actors. There is increasing disregard for even the most basic protection afforded under international humanitarian law. More governments are restricting the delivery of humanitarian aid (e.g. Sri Lanka, Burma/Myanmar). In many conflict zones (e.g. Somalia, Sudan, DRC) relief workers come up against brutal methods of warfare involving targeting of civilians and frequent use of sexual violence. Humanitarian workers are often specifically targeted and are expelled, assaulted or killed. In addition, some governments, by expelling aid organisations and stripping them of their assets, have effectively expropriated (or "borrowed") funds and property financed by donors.

**Figure 40: Humanitarian assistance in 2009**

Following a strictly needs-based approach, humanitarian assistance was provided to the following regions:

<b>Humanitarian assistance in 2009 (in euro thousands)</b>		
Region	Amount	%
<b>Africa</b>	<b>489 560</b>	<b>53%</b>
Sudan & Chad	149 600	
Central Africa	79 500	
Horn of Africa	173 475	
Southern Africa, Indian Ocean	35 535	
West Africa	51 450	
<b>Middle East, Mediterranean, Caucasus &amp; Central Asia</b>	<b>121 775</b>	<b>13%</b>
Mediterranean and Middle East	109 475	
Caucasus and Central Asia	12 300	
<b>Asia and Latin America, Caribbean and Pacific regions</b>	<b>248 175</b>	<b>27%</b>
South Asia	157 500	
South-East and East Asia	45 500	
Latin America	28 325	
Caribbean	14 000	
Pacific	2 850	
<b>Worldwide (capacity building, technical assistance &amp; support)</b>	<b>70 940</b>	<b>8%</b>
<b>TOTAL</b>	<b>930 450</b>	<b>100%</b>

The humanitarian aid was implemented by European NGOs (47%), UN agencies (39%) and international organisations (14%, mainly the International Red Cross family).

As part of its programming, the Commission paid particular attention to "*forgotten crises*", i.e. situations where major humanitarian needs receive little attention from donors and low media coverage. These forgotten crises received 12% (€40.5 million) of the initial humanitarian aid budget allocated on a geographic basis.

For more details on humanitarian aid by the Commission in the field of humanitarian aid, please refer to the annual report, available on the humanitarian aid department's website<sup>65</sup>.

### 2.7.2. Humanitarian policy

On a policy level, the European consensus on humanitarian aid of 2007 and the adoption of a five-year action plan in 2008 created a common set of values, principles and objectives intended to strengthen the coherence of its overall humanitarian action. The Consensus clearly lays out the EU's "added value" in humanitarian aid, which is well accepted by the Member States. As far as the Commission's contribution to Consensus implementation is concerned, matters

<sup>65</sup> Annual reports available at [http://ec.europa.eu/echo/media/publications/annual\\_reports\\_en.htm](http://ec.europa.eu/echo/media/publications/annual_reports_en.htm)

progressed well: by the end of 2009, 80% of the actions were either completed<sup>66</sup> or underway in line with the indicative timetable.

The Consensus has also served to bring the EU closer together in humanitarian aid, with Member States increasingly looking to the Commission for leadership. The newly formed Council working group on humanitarian aid and food aid (COHAFSA) is the main institutional vehicle for ensuring coordinated positions and EU-wide implementation of the Consensus commitments.

DG ECHO organises evaluations of humanitarian assistance operations financed by the Commission. Evaluations of geographical operations are carried out either on a three-year cycle or when budgets in excess of €30 million have been allocated to a particular country or region. Projects in some eight to ten countries are examined each year.

In 2009 the following evaluations were carried out: DIPECHO Central Asia, DIPECHO Caribbean, Saharawi refugees, Burundi, Iraq crisis, partnership with UNRWA, mid-term drought response in the Horn of Africa, food aid, a gender review, unit cost approach and mapping of donor coordination at field level. These evaluations confirm the global relevance and effectiveness of DG ECHO's humanitarian actions and provide relevant input to budgeting, programming and policy strategy.

### 2.7.3. *Disaster preparedness*

The Commission supports disaster preparedness actions within local communities in several regions prone to natural disasters. The aim is to help them react rapidly and appropriately in the event of a disaster, thus allowing lives to be saved.

In 2009, the Commission continued to support DIPECHO (Disaster Preparedness ECHO) programmes launched in 2008 (in Central Asia, south-east Asia, Central America, southern Africa & Indian Ocean) while new funding was allocated to the Caribbean, south Caucasus, south Asia and South America. ECHO's contribution to disaster preparedness goes well beyond the DIPECHO action plans: many major humanitarian financing decisions also include disaster preparedness or mitigation of disaster impacts as an objective. Examples of where disaster risk reduction (DRR) components were mainstreamed in humanitarian aid decisions adopted in 2009 include the global plans for Afghanistan, Burkina Faso, Haiti, Somalia and Sudan. In addition, a specific drought preparedness programme for the greater Horn of Africa was adopted<sup>67</sup>.

A total of €43.4 million was therefore allocated to disaster preparedness activities, reaching more than nine million beneficiaries in regions prone to natural disasters.

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<sup>66</sup> Defined as one for one-off actions or, concerning systemic issues, as having become a systemic part of how the EC does its business.

<sup>67</sup> ECHO/-HF/BUD/2009/01000- [http://ec.europa.eu/echo/funding/decisions\\_archives\\_en.htm](http://ec.europa.eu/echo/funding/decisions_archives_en.htm)

## 2.8. Macro-financial assistance

The Commission implements macro-financial assistance (MFA) in association with support programmes of the IMF and the World Bank. The individual MFA programmes are decided by *ad hoc* legislative acts. The MFA instrument is governed by a set of principles which underline its exceptional character, its complementarity to financing from international financial institutions and its macroeconomic conditionality. It is an instrument designed to help the beneficiary countries experiencing serious but generally short-term macro-economic imbalances (balance of payments and fiscal difficulties). In close coordination with IMF and World Bank programmes, MFA has promoted policies that are tailored to specific country needs with the overall objective of stabilising the external and internal financial situation and establishing market-oriented economies.

Several new operations were decided in 2009. On 30 November, the Council decided to provide MFA to Serbia<sup>68</sup> (up to €200 million in loans), to Bosnia and Herzegovina<sup>69</sup> (up to €100 million in loans), to Armenia<sup>70</sup> (up to €35 million in grants and €5 million in loans), and to Georgia<sup>71</sup> (up to €46 million in grants).

Regarding the implementation of ongoing assistance, the second payment to Lebanon of €25 million in the form of a loan was made in June. For Georgia a disbursement of €15.3 million, in the form of grant, as a part of the first tranche, was completed at the end of December 2009.

## 3. FEATURE ARTICLES

### 3.1. Food security: a global challenge

Food security has moved to the top of the international development agenda as a result of the food price crisis of 2007-2008. This crisis has reversed the gains of recent decades in the fight against hunger, fuelled political instability and social unrest, and pushed many poor people further into poverty. The economic crisis has made things worse, while the effects of climate change, combined with global population growth, further threaten food security in many developing countries.

Despite a relative decrease, food prices remain high in domestic markets, and the number of those who lack food security is on the rise. In fact, FAO estimates put the number of malnourished people worldwide at over one billion in 2009, compared to 915 million in 2008. This is the highest level since 1970, the first year for which comparative statistics are available. The majority of the world's malnourished live in Asia and the Pacific (642 million), followed by Sub-Saharan Africa (265 million), Latin America and the Caribbean (53 million), the Middle East and North Africa (42 million); and in developed countries (15 million).

#### EU responses to food security challenges

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<sup>68</sup> Council Decision 2009/892/EC

<sup>69</sup> Council decision 2009/891/EC

<sup>70</sup> Council Decision 2009/890/ EC

<sup>71</sup> Council Decision 2009/889/EC

The European Commission funds a wide range of food security actions ranging from emergency and short-term humanitarian relief, to long-term support to develop food security. The Humanitarian Instrument delivers food aid in crisis and immediate post-crisis situations at the level of about €250 million a year. For medium and long-term support, bilateral cooperation with developing countries is essentially channeled through geographical instruments: the European Development Fund (EDF), the Development Cooperation Instrument (DCI), or the European Neighbourhood and Partnership Instrument (ENPI). In addition, the Food Security Thematic Programme (FSTP) addresses food security at global, continental and regional levels, and complements the geographical programmes in areas where they cannot fully operate (€20 million globally for the period 2007-2010).

The Commission adapted these instruments as much as possible to respond to the 2007-2008 food price crisis. But the magnitude of the global challenge required bolder action, and additional funding. The Commission therefore proposed a specific facility to address the effects of the soaring food prices. In December 2008, the European Parliament and the Council of Ministers duly adopted a Regulation establishing a €1 billion 'facility for rapid response to soaring food prices in developing countries', better known as the Food Facility. With a maximum three-year lifespan, the Food Facility aims to bridge the gap between emergency aid and long-term development assistance. It finances interventions that help increase agricultural productivity, and secure access to food for the most vulnerable.

### **Food Facility implementation**

By early 2009, the European Commission had submitted an overall plan to the Council and the European Parliament for the distribution of Food Facility funds<sup>72</sup>. This plan defines the list of 50 beneficiary countries (see map), and gives an indicative breakdown of the allocation of funds. This planning was further detailed through a set of three Commission Decisions, resulting at the end of 2009 in commitments of around €37 million. Implementation of the Food Facility Regulation is fully on track with the original planning and with the budgetary provisions.

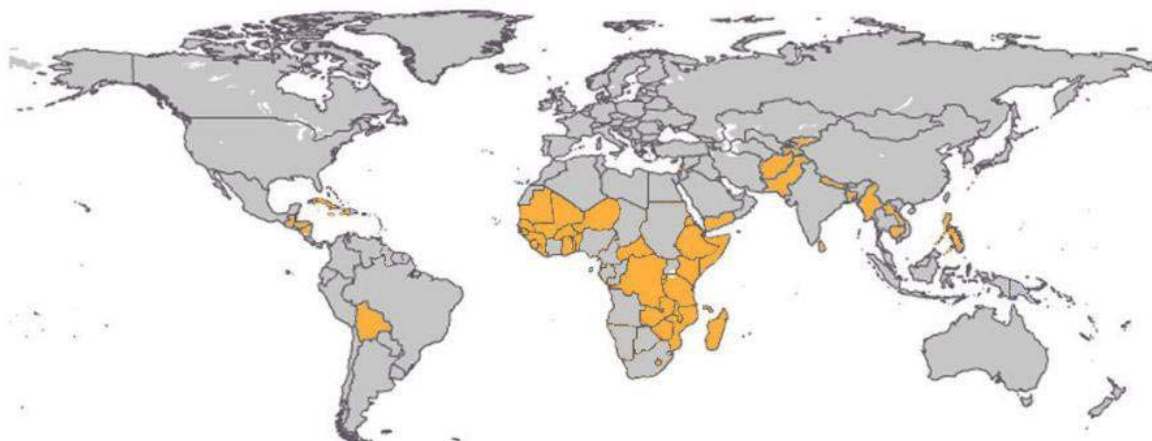
Map of the 50 Food Facility target countries<sup>73</sup>

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<sup>72</sup> C(2009)2185  
<sup>73</sup>

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/138&format=HTML&aged=0&language=FR&guiLanguage=en>





By the end of the year about 150 contracts had been concluded with international organisations, national governments and non-governmental organisations. Contracts with international organisations, as of 1 December totalled nearly €477 million. The main partners are FAO (42.7% of the contract value), the World Bank (18.0%), WFP (16.2%), UNRWA (8.3%) and IFAD (6.7%). Other cooperating international organisations include the UN Development Programme and UNICEF.

In addition a €200 million call for proposals was launched in 2009, under which NGOs, local authorities, private sector and Member State aid agencies were invited to submit project proposals for activities to be funded from the Food Facility in 35 target countries. In response to the very large number of high quality proposals received, this amount was increased by an additional €1.7 million. Over 800 proposals were initially submitted, of which more than 120 have been awarded a grant.

#### **Case study: Pakistan**

In Pakistan, the EU Food Facility provided €40 million to a joint FAO and World Food Programme project to improve the livelihood of over one million extremely poor people in food-deficient areas across the country.

Farmer field schools trained 3 000 peasants, both women and men, to apply more sustainable farming practices. At the same time thousands of landless peasants are currently engaged in the rehabilitation of 1 000 km of irrigation channels. They are paid in kind for their work.

In addition, more than 100 000 small-scale farmers working 2-4 hectares of land and women-headed households farming tiny plots received quality inputs and improved wheat, vegetable and lentil seeds to boost their harvest and guarantee their own families' food security.

Early signs show that the programme is already starting to have a positive impact on the beneficiaries' daily lives.

The specific nature of the Food Facility called for very fast planning and implementation. The different Commission Directorates-General involved worked closely together and a dedicated task-force was set up. The rapid approval process was also made possible thanks to the flexibility shown by the European Parliament in the reduction of its normal scrutiny period.

### **Case study: Ethiopia**

In Ethiopia, the Food Facility allocated €9.8 million for 13 food security projects by NGOs. The projects are being implemented through 13 leading NGOs and 26 international and local implementing partners in 65 Woredas (districts). A total of around one million people are expected to benefit from the projects, as well as 78 primary farmers' cooperatives, three regional agricultural research institutes and administration sector offices.

In addition, the Food Facility provided a €20 million grant in 2009 to the on-going productive safety net programme in the country. This programme is an innovative approach towards creating a more predictable mechanism to address chronic hunger rather than reacting through emergency appeals. The programme includes transfers (in cash and/or kind) and community asset creation by more than 80% of the beneficiaries, through participation in micro-projects related to soil and water conservation, and construction and maintenance of rural infrastructure. The programme assists more than eight million chronically food insecure individuals, who are among the poorest and most vulnerable people in the world.

### **The food security thematic programme (FSTP)**

Independently of its specific anti-crisis measures, the European Union operates the FSTP programme which is designed to reduce medium to long-term food insecurity. This programme covers all key aspects, including food availability, access to food, quality of nutrition and prevention of food crises. It has three broad aims. The first addresses the delivery of international public goods contributing directly to food security, and focuses mainly on continental, inter-regional and regional levels. The second addresses food insecurity in the most vulnerable countries or regions. The third aim is to develop innovative policies and strategies in the field of food security, irrespective of geographic region. In 2009, the mid-term review of the Food Security Thematic Programme was launched and will be completed in the course of 2010.

### **Re-thinking the food security policy framework**

The European Commission also started reviewing its food security approach, which is intended to lead to a proposal for a new policy framework on food security for the European Union. The main purpose of the review is to integrate lessons learned from past interventions and new approaches to food security in order to establish a framework which is fully adapted to today's world. A public web-based consultation was launched in November 2009 on the basis of an Issues Paper<sup>74</sup>, and the new EU food security policy is expected to be finalised in 2010.

### **EU role in international initiatives**

The recent crisis has focused attention on the need for coordinated and concerted action by the international community. This led the EU, as the biggest aid donor, to interact closely with the UN High-Level Task Force (HLTF) on the global food security crisis set up in 2008. The European Commission and participating Member States were active promoters of the G8 initiative in l'Aquila to commit \$20 billion to combat food insecurity, which was subsequently supported by the G20 meeting in

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[http://ec.europa.eu/development/icenter/files/europa\\_only/CONS\\_EU\\_policy\\_framework\\_food\\_security\\_20091113\\_en.pdf](http://ec.europa.eu/development/icenter/files/europa_only/CONS_EU_policy_framework_food_security_20091113_en.pdf)

Pittsburgh. The EU is also a strong supporter of efforts to improve global governance in the context of food security, such as the reform of the UN Committee for World Food Security.

### **3.2. Mainstreaming human rights and women's rights and gender equality**

There is little doubt that a poor democratic and human rights environment limits the scope for sustainable development, including an equitable access to resources and services. Action to consolidate the rule of law and respect for human rights will lay the basis for participation by people in decisions which affect them. Development, therefore, should involve not just economic growth, but the equitable distribution of wealth, the enhancement of people's capabilities and the widening of their choices.

This is why the EU aims to further the respect for human rights and democracy not only as a policy in its own right but to make it an integral, or 'mainstream', element in all its external policies. In its Communication on *the European Union's role in promoting human rights and democratisation in third countries*<sup>75</sup>, the Commission set out its vision for promoting human rights and democracy as part of the planning, design, implementation, and monitoring of a whole range of policies and programmes, as well as in the dialogue with partner countries.

#### **The fundamental principles**

The European Consensus on Development recognises this need for a multi-sectoral response in calling for “a strengthened approach to mainstreaming” for cross-cutting issues of special importance. These issues are: the promotion of human rights, gender equality, democracy, good governance, rights of children and of indigenous peoples, environmental sustainability and combating HIV/AIDS.

Equality between men and women is recognised as an objective and fundamental value in itself. But focusing on equality raises issues concerning actions on poverty reduction. Mainstreaming gender equality thus means recognising the unequal situations of women, and men and designing all projects and activities in a way that contributes to gender equality. The reduction of existing inequalities between the sexes is therefore no longer only an issue of women's policy but a responsibility for men, too, and a duty across all sectors of social policy. Mainstreaming embodies this process-oriented approach, introducing a new way of thinking and acting to achieve better human rights protection.

While not yet adopting a full human rights-based approach in all development programmes, the European Commission strives to integrate its fundamental principles in as many policies, strategies and programmes as possible. It recognises, for instance, the need to anchor its strategies in internationally-recognised human rights as defined by the United Nations, which most states have voluntarily adhered to, and where the UN has provided comprehensive interpretation of what these obligations mean in terms of practical commitments. Commission response strategies should also pay specific attention to ensuring the protection of human rights and the inclusion in the democratic processes of the most vulnerable groups of society (e.g.

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<sup>75</sup> COM/2001/0252 final

when deciding which roads to build, where to build schools) in order to avoid contributing to the further marginalisation and exclusion of these groups.

### **The appropriate tools**

This challenge presupposes a proactive approach at all levels of cooperation. The Commission invests significant effort in supporting direct human rights and democracy programmes. The European Instrument for Democracy and Human Rights is its most visible tool. Mainstreaming, however, implies a recognition that significant change cannot only be achieved by a collection of free-standing 'human rights and democracy' projects. All development and external assistance instruments must contribute in a coordinated fashion. Traditional country aid envelopes, as well as other thematic budget lines such as the non-state actors programme, or Investing in People, play an important part.

For example, under the Investing in People instrument, an €1 million worldwide call for proposals was launched by the Commission in 2009 on child participation. Selected projects will aim to empower children to play a greater role in their own development, by increasing their voice in decision-making at local, national and regional levels. Youth parliaments, consultations in schools and child-care institutions will be set up or reinforced.

The Instrument for Stability, the EU's tool for crisis response, also promotes long-term human rights and democracy objectives. This is the case under the initiative for peace-building which draws together the complementary geographic and thematic expertise of 10 civil society organisations and their networks to research ways to improve participation in political decision-making in conflict-prone and conflict-affected contexts.

The greatest impact can be achieved by integrating human rights and democracy concerns into the EU's largest cooperation programmes, which are carried out through the European Development Fund for Africa, Caribbean and Pacific countries, and via the Development Cooperation Instrument for other developing countries. The Commission and the EU have various tools for assessing the human rights and democracy situation in partner countries, including human rights fact sheets, governance profiles and progress reports. These draw on and complement analyses made by partner countries themselves, by UN bodies or by other international organisations and civil society. They set the basis for the EU developing its own, or whenever possible, joint strategies with partner countries.

An evaluation carried out in 2006 estimated European Commission spending in the wider 'democratic governance area' at about 27% of aid commitments. Democratic governance provides the 'enabling environment' for developing states to become effective and legitimate in their fight against poverty. Fostering democratic governance involves changing longstanding practices, entrenched interests, cultural habits, even social and religious norms. In recent years, EU concepts and approaches to governance have evolved considerably. The initial, rather restricted and technocratic governance focus (i.e. on public financial management and corruption) has been abandoned in favour of an integrated concept, embracing all political dimensions of partnership relations with third countries and regions.

Direct support for governance can be done through individual or combined projects as in the case of the 8<sup>th</sup> EDF human rights programme in Uganda which piloted an approach called ‘poverty resource monitoring’. This enhanced the dialogue between local governments and civil society on the use of sector funding for service delivery and development. It focused on participatory planning and communication of local governments in order to strengthen ‘downward accountability’. The programme also supported the creation of district NGO networks which could become interlocutors in the district planning and budgeting process. The 9<sup>th</sup> EDF decentralisation programme has integrated this component and promotes it across other partner districts. This approach is also supported through some projects under the 9<sup>th</sup> EDF civil society capacity building programme.

### **Democratic governance**

Human rights and democratisation linkages can be established for all the sectors which the EU supports in partner countries. For example, fostering sustainable forest management raises major challenges in terms of protecting the interests of local communities and enhancing corporate responsibility. In response to these challenges, sector specialists increasingly encourage broader stakeholder participation, the inclusion of women and marginalised communities, transparency and accountability. For water and land issues, competition between public and private interest groups over scarce resources raises issues of equitable access, particularly for the poorest groups, or the enforcement of property rights. The EU recognises that whichever sector it works in, the programming and identification process should be as participatory and transparent as possible, involving a wide range of local actors, including local civil society.

Public financial management, supported by EU budget support programmes, is also key to improving respect for human rights. Democratic governance by public authorities, especially those responsible for public finances, and respect for the rule of law help create an environment conducive to sustainable economic growth and private investment. By the same token, poor governance of natural and energy resources in countries with resources such as diamonds, oil, timber and fish can lead to violations of human rights and the rule of law and, ultimately, to armed conflict.

The EU also supports the engagement of the private sector in the promotion of social standards. The 2005 Commission Communication on Corporate Social Responsibility called for the increased contribution of the private sector to integrate on a voluntary basis social and environmental concerns in their business activities not only in the EU but also world-wide. The Commission has established the European multi-stakeholder forum for Corporate Social Responsibility, aiming at developing a new form of linkages between different policy areas and interests and at exploring how to define an EU approach and guiding principles.

The Commission strives to mainstream human rights into its political dialogue with third countries. They are raised, as appropriate, at all levels of political dialogue with partner countries, such as summits, cooperation councils and cooperation committees, as well as in the constant contacts between EU Delegations and the authorities of third countries. The EU has sought, for example, to discuss matters such as the fight against torture, support for the International Criminal Court, or the state of preparation of elections with its Sub-Saharan African partners during 2009.

Discussing these issues is not only a way for the EU to state its own position and enquire about that of its partners, but also to pave the way for cooperation activities. Human rights and democracy issues are not necessarily firmly anchored in partner country government priorities. This has an important implication for Commission support strategies: the pursuance of these objectives through political dialogue should be an attempt to contribute positively and achieve pro-poor policy agenda in partner countries, presupposing a proactive/advocacy approach. By promoting these values universally, the Union has set itself the challenge to achieve legitimacy for these fundamental values and to promote substantial change in the direction of the values.

## **4. PERFORMANCE AND RESULTS**

### **Introduction**

For several years the European Commission has been assessing the effects of its development policy and the results of its implementation. The Commission uses two major tools to evaluate the impact of its actions in partner countries:

- The results-oriented monitoring system which provides a harmonised overview of the portfolio of projects and programmes under five evaluation criteria (relevance, effectiveness, efficiency, impact, sustainability). This system answers the main question: "are projects and programmes on target to deliver the intended results?"
- The evaluation of results of geographic, sectoral/thematic policies and programmes, as well as of aid delivery and programming performance. This exercise is crucial for the external assistance policies as a whole and needs to feed back into the programming cycle. Evaluations are important for accountability towards the public and provide lessons about what has worked and not worked and the reasons why.

### **4.1. Project results: results-oriented monitoring**

#### *4.1.1. Results-oriented monitoring*

Results-oriented monitoring (ROM), in place since 2000, plays a vital role in ensuring the quality of EU development aid and thus value for money for the European taxpayer. ROM forms a part of the overall quality assurance cycle, which starts during the design of projects and ends after their implementation.

ROM monitors conduct onsite visits to projects and programmes, review key project documents and, most importantly, interview relevant stakeholders including the beneficiaries. Based on empirical data, they produce and deliver objective, impartial and comparable reports. The methodology is based on internationally agreed evaluation criteria: relevance, efficiency, effectiveness, impact, and sustainability. It is firmly focused on results, both short-term and long-term. To promote transparency, ROM reports are distributed by the EU to project managers and partner governments.

ROM provides benefits:

- At the micro level of a project or programme: it gives feedback to project managers on the performance of the operations under their responsibility and makes recommendations on how to improve them, if necessary.
- At the macro level of general policy articulation, implementation and review: ROM provides a statistical overview of the performance of the EU development aid portfolio with data comparable over time, across regions, between sectors, etc.
- At the level of programming and learning: quantitative and qualitative studies based on ROM data contribute to lessons learned and best practices to the programming and planning of new projects.

#### 4.1.2. ROM performance in 2009

In 2009, a total of 1 548 monitoring reports were produced (1 130 ongoing national projects, 174 closed national projects, 150 regional programmes, and six sector policy support programmes). This is an increase of 24% over 2008 and 9% over 2007.

The total amount of aid monitored in money terms was €8.3 billion, which is an increase of just over €2.3 billion compared with 2008.

ROM covered 28% of the expenditures managed by EuropeAid and 21% of the projects and programmes being implemented in 2009 (including budget support and SPSP).

In 2009, the overall coverage in terms of project numbers increased by 3% compared with 2008 (based on the methodology used in 2008).<sup>76</sup>

Figure 41 - Overview of ROM activities

ROM activities and coverage	ENPI East	ENPI South	Africa	Caribbean	Pacific	Asia	Latin America	CMTP*	Total 2008	Total 2009	Change in % from 2008
N° of Monitoring Reports produced (excluding SPSPs)	361	164	323	56	56	295	183	110	1249	1548	24%
N° of ongoing national projects monitored (without regional programmes and SPSPs)	200	132	323 [1]	98		200	155	22	865	1130	31%
									384		11%
N° of regional programmes (as a whole)	31	32	0	14		31	15	27		150	

<sup>76</sup> The comparison of project performance by evaluation criteria has been omitted for two reasons: ROM is designed to give a feedback on a project's performance at a specific point in time. ROM is not able to cover all projects and programmes in EuropeAid's portfolio every year but only a selection. Yearly figures are therefore always to be compared with caution as the sample of operations monitored changes. In addition, EuropeAid has improved its basic tool to rate projects on the level of the evaluation criteria in 2009 which makes comparison with previous years impossible.

monitored											
N° of national components of Regional Programmes monitored	110	0	0	20	72	13	61			276	
N° ongoing national projects and regional programmes monitored (with / without national components)	231	164	323	112	231	170	47	1280 / 1556	na / 1249	na / 25%	
Million € covered ongoing projects	486	1181	3120	538	231	929	816	212	5456	7513	29%
N° of closed projects monitored ex-post	25	24	33	19	33	36	4	139	174	25%	
Million € covered ex-post	39	153	230	80	12	144	140	8	489	805	65%
Estimate of overall ongoing EU project portfolio of operations	571	679	787	115	66	2368	526	1155	5677	6267	10%
Estimate of actual ROM coverage in % in relation to overall project portfolio	41%	24%	41%	49%	85%	10%	33%	4%	22% [3]	21% / 25% [2]	3% [4]
Estimate of overall ongoing EU portfolio of operations (Million €)	1055	6451	10213	830	349	4825	1680	1248	na <sup>5</sup>	26651	na <sup>5</sup>
Estimate of actual ROM commitment coverage in % in relation to overall project portfolio	46%	18%	31%	63%	51%	19%	49%	17%	na <sup>5</sup>	28%	na <sup>5</sup>

[1] For Africa 23 projects financed by the water facility and energy facility are counted under national projects monitored but can be categorised as pseudo Regional Programmes.

[2] First figure gives coverage without Regional Programmes national components counted, the second figure with Regional Programmes components counted.

[3] In 2008, Regional Programmes national components were counted in the coverage.

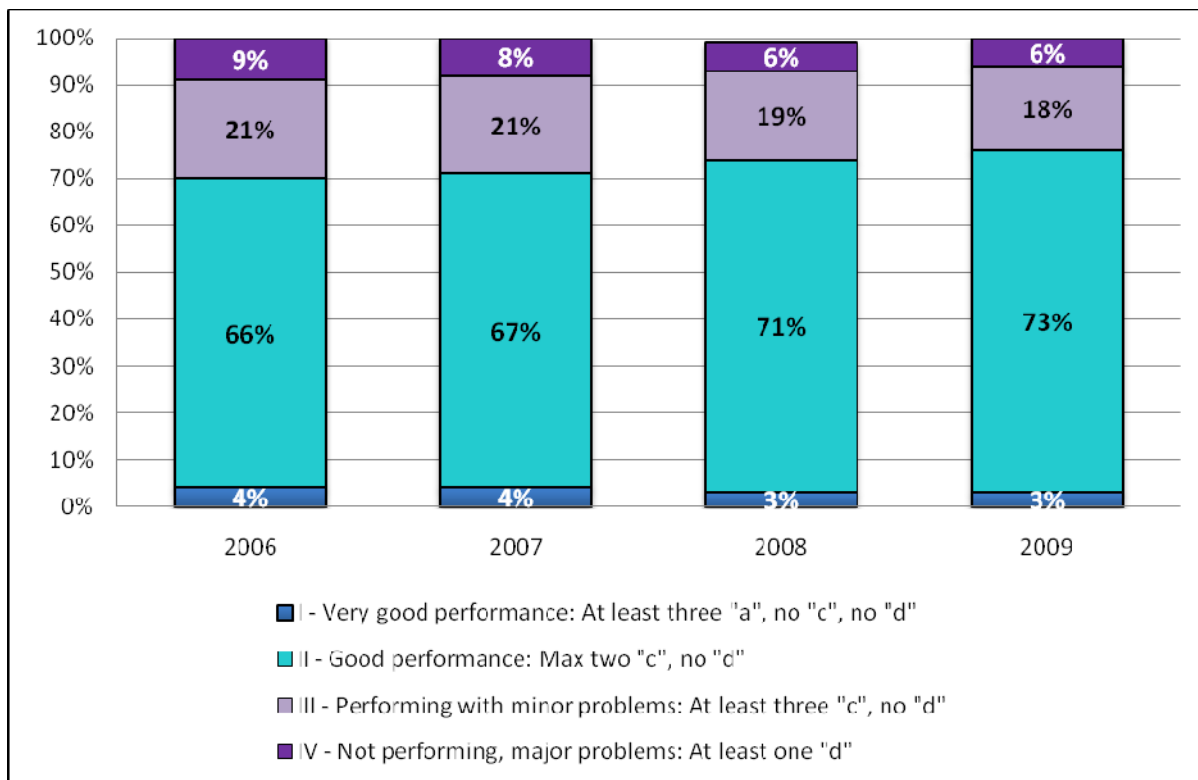
[4] Comparison 2008-2009 is done of coverage with Regional Programmes components counted.

[5] Portfolio budget estimate is not available for 2008.

[\*] Centrally Managed Thematic Programme (managed by the Commission)

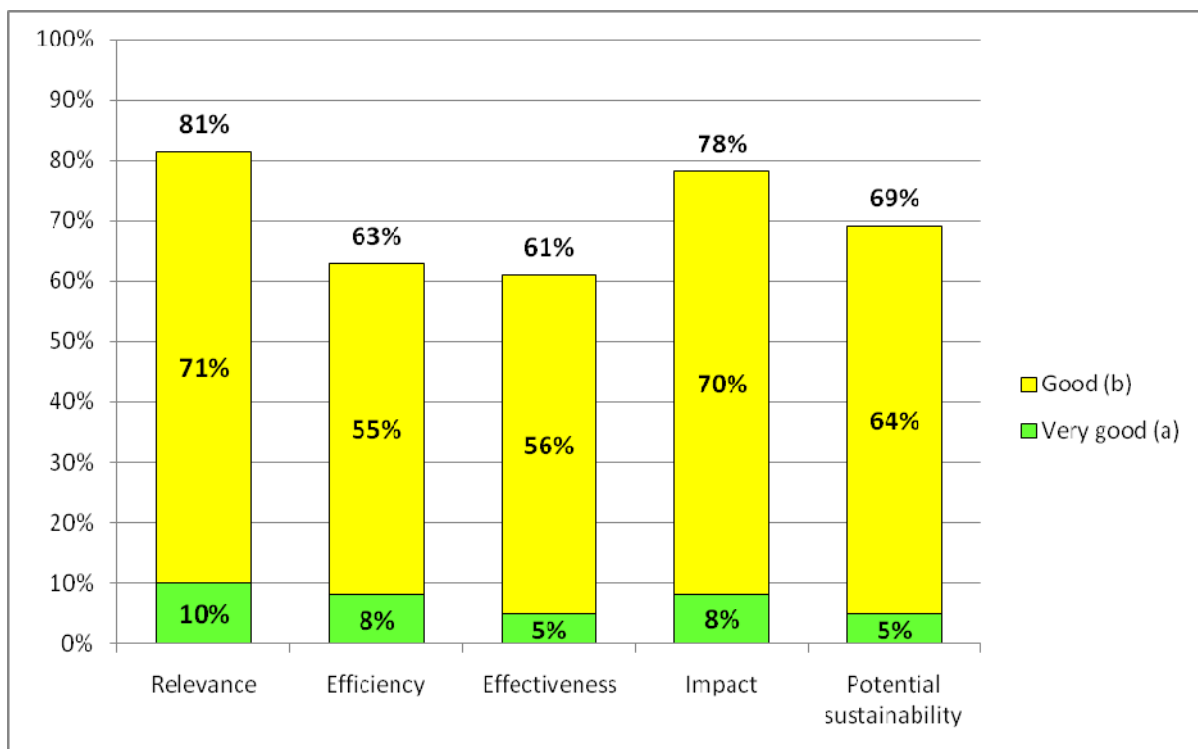
Figure 42 - Overall performance by project





Performance of a large majority of projects is rated positively with a slight increase in 2009.

Figure 43 - Performance by evaluation criteria



The 2009 project performance is strong especially in terms of relevance and impact. Some room for improvement remains for efficiency and effectiveness.<sup>77</sup>

**Figure 44 - Project performance by ODA sector**

ODA Sector	Very good performance (I)	Good performance (II)	Performing with Problems (III)	Not performing/ Having serious difficulties (IV)	N° reports produced	Million € covered
Social Infrastructure and Services	2.4%	72.6%	19.9%	5.1%	680	2583
Economic Infrastructure and Services	2.7%	74.9%	16.6%	5.9%	338	1320
Production Sectors	2.4%	69.6%	22.2%	5.8%	207	1100
Multisector – Crosscutting	2.2%	76.8%	14.9%	6.1%	181	690
Commodity Aid + General Programme Assistance	6.1%	65.3%	26.5%	2.0%	49	281
Emergency Assistance	3.7%	66.7%	18.5%	11.1%	27	276
Other	4.4%	68.9%	24.4%	2.2%	45	115

For further details → 5.3 on using lessons learned

#### 4.1.3. New developments in 2009

- **Capturing the regional dimension**

In July 2009 a specific ROM methodology for regional programmes was introduced in order to make sure that the regional dimension of these interventions is properly covered. This new methodology provides a more comprehensive overview of how regional projects/programmes are currently reviewed and a proposal for how they should be monitored, including numbers and frequencies of monitoring. Four types of regional programmes have been identified: 1 – regional programmes with exclusively regional objectives and without national components; 2 – regional programmes with exclusively regional objectives, but with national components or activities; 3 - hybrid regional programmes with both regional and national

<sup>77</sup> The comparison of project performance by evaluation criteria has been omitted for two reasons: ROM is designed to give a feedback on a project's performance at a specific point in time. With the existing budget ROM is not able to cover all the projects and programmes in EuropeAid's portfolio every year but only a selection. Yearly figures are therefore always to be compared with caution as the sample of operations monitored changes. In addition, EuropeAid has in 2009 improved and reformulated the Background Conclusion Sheet, a guiding questionnaire serving as basic tool to rate projects on the level of the evaluation criteria, which makes comparison with previous years impossible.

dimensions in terms of objectives and activities; 4 - pseudo regional programmes without regional dimension in objectives or activities, but with regional funding. For larger regional programmes a desk phase is required and a consolidated report is produced.

- **Assessing real impact and sustainability**

ROM can be applied during project implementation or once implementation has been completed (*ex-post*). The added value of the *ex-post* ROM is to provide information on real impact and actual sustainability. A test phase completed in 2009, allowed the consolidation of the *ex-post* ROM methodology and demonstrated the usefulness of this system for providing lessons learnt. For further details → 5.3

- **Systematic feedback**

Project managers and other stakeholders can provide feedback on monitoring reports by filling in documents called response sheets. In order to make better use of this feedback for future monitoring, the response sheets have been made mandatory and easily accessible internally through the ROM database.

- **Better ROM reports**

A 2009 version of ROM reports includes new sections, providing additional information on horizontal and crosscutting issues linked to a given project, such as environmental aspects, gender issues, and technical assistance provided. The report also verifies whether the recommendations made during the project's design were correct and whether they were implemented.

- **Identifying lessons learned**

Based on the ROM reports in 2008 a qualitative study was conducted to determine explanatory causes for poor or good performance. The study analysed completed projects which had been monitored during as well as after their implementation.

The study identifies three main areas of improvement:

1. During the early design phase, greater attention should be given to the analysis of problems, including the analysis of the risks involved and the real needs of the beneficiaries;
2. Project management should ensure that results are continuously monitored and assessed, leading to adjustments and corrections of activities if necessary;
3. Partner governments and stakeholders should be closely involved and communicated with at all stages.

**Factors for good and bad performance**

*(Source: Study on causes underlying effectiveness and impact of EU development projects, May 2009)*

**Factors for poor performance:**

- I. Weak analysis and problem identification prior to project formulation resulting in projects with crucial flaws.

II. Projects with apparent formal, strategic relevance (for EU or partner government) that does not correspond to real relevance for the target groups and final beneficiaries due to their limited involvement in the identification and planning, causing low ownership.

III. Overambitious formulations in terms of a mismatch between allocated resources and planned objectives that impede the attainment of results.

IV. Inadequate risk management, rendering the project highly vulnerable towards foreseeable assumptions.

V. Non-existent or very poor internal monitoring and reporting systems, which hinder accountability, visibility, learning and adaptation.

VI. Weak adaptation capacity and communication among partners, which hamper adjustment to the changing environment.

**Factors for good performance:**

I. Project teams which include qualified staff and proactive managers that apply inclusive management approaches.

II. The choice of implementing partners with a strong organisational and technical capacity.

III. Appropriate implementation set-ups based on a sound analysis in order to target real problems/priorities with well-suited strategies.

IV. High relevance in terms of beneficiaries' priorities addressed throughout the project's lifetime.

V. Demand-driven and service provision-oriented implementation ensuring widespread access and use of services and high levels of ownership.

VI. Strong adaptation capacity as a result of good communication among project partners and overall proactive management.

*4.1.4. Outlook for 2010*

ROM coexists with other monitoring mechanisms, such as self-monitoring by project management, internal monitoring by EU Delegations and partner countries' own monitoring mechanisms. Ideally they should all complement each other.

**Monitoring with partners**

In line with the Paris declaration on aid effectiveness and the Accra Agenda for Action, (alignment, harmonisation, managing for results and mutual accountability), EuropeAid is exploring the feasibility of a two-level joint monitoring system:

1. Joint monitoring (J-ROM): involving selected EU Delegations and partner governments;
2. Multi-donor monitoring (MDM): involving the other development agencies.

**Project evaluations**

Project evaluations, more in-depth assessments of projects in addition to ROM, done by EU Delegations, are to be stored on a central database compatible with the current

ROM database. The new IT tool to be delivered 2010/2011 is going to facilitate access to evaluation reports and their analysis, especially in terms of aggregation and transfer of lessons learned from specific cases. It will also ensure a more coordinated and effective use of both performance assessment tools: project evaluations and ROM.

## **4.2. Evaluation: review of the 2009 work programme**

### *4.2.1. Organisation of the evaluation function*

The EuropeAid evaluation unit carries out a joint evaluation function for three Commission Directorates-General (Development, External Relations and EuropeAid)<sup>78</sup>. A multi-annual programme for 2007-2013 was approved in March 2007. This programme confirmed the three previous priorities: a greater emphasis on geographic evaluations (i.e. partner countries and regions); an enlarged scope for thematic and sectoral evaluations; and a continuation of evaluations covering aid modalities.

The joint evaluation function is responsible for evaluations covering geographic and sectoral policies, programmes and programming cycles only, and for the provision of methodological support for all types of evaluations.

The Commission takes into account the results and lessons of these evaluations in order to improve the quality and impact of its external assistance.

### *4.2.2. The 2009 work programme*

Thirteen geographical reports were completed in 2009: Angola, ASEAN, Botswana, Chad, Central African Republic, Lao PDR, Malaysia, the MEDA II regulation, Namibia, Nicaragua, Thailand, Uganda and Vietnam. One sector report (health) was rejected because of its poor quality and will be re-launched in 2010. The first part (inventory) of the conflict prevention and peace building evaluation was also completed. Full texts of these reports are available on the evaluation website<sup>79</sup>.

Eighteen new evaluations were initiated in 2009. Nine concerned individual countries: Senegal (carried out jointly with Spain), Dominican Republic, Liberia, Ethiopia, Djibouti, Philippines, Ukraine, Honduras and Maldives. Two country-level evaluations (Pakistan and Sri Lanka) were postponed, mainly due to security reasons. One dealt with the OCTs. Five thematic or sectoral evaluations were launched: support for the decentralisation process; respect for human rights and fundamental freedoms; visibility of EU external action; judicial and security sector reform; and agricultural commodities in ACP countries (under EDF financing). One aid modality

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<sup>78</sup> When the last reform of external aid management took place, it was stated that "the evaluation of the results of regional and sectoral policies, programmes and programming performance is crucial for the success of the external aid policies as a whole, and needs to feed back into the programming cycle. To ensure objectivity, this level of evaluation should be conducted independently and serve as a feedback loop for the services responsible for policy, programming and implementation. The evaluation services would be accountable to the Group of Relex Commissioners. The Group will decide on the work programme of the evaluation services and act on its reports recommendations", (SEC(2000)814/5 of 15 May 2000).

<sup>79</sup> [http://ec.europa.eu/europeaid/how/evaluation/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/index_en.htm)

evaluation covering technical assistance was initiated and a feasibility study of the European consensus was also launched. Finally, two Commission pilot evaluations for budget support were launched in Tunisia and in Mali.

Nine evaluations launched in 2008 were still ongoing at the end of 2009: Niger (jointly with four Member States), Burkina Faso, Nigeria, El Salvador, Tunisia, Egypt, health and poverty diseases, conflict prevention and peace building, employment and social inclusion.

With regard to dissemination and feedback mechanisms, 11 seminars were organised in-country to discuss the evaluation report findings for Chad, Central African Republic, Angola, Uganda, Namibia, Botswana, Nicaragua, Lao PDR, Malaysia, Thailand and Vietnam. Two other seminars were organised in Brussels to present evaluation findings on aid delivery through civil society organisations and on the MEDA II regulation. Twelve "*fiches contradictoires*" (which follow up on earlier evaluation recommendations) were published for the reports on: Rwanda, Mali, Mauritius (including Seychelles and Comoros), central Africa region, China, central America region, Moldova, India, Pacific region, Bolivia, Mozambique and rural development.

#### 4.2.3. *Lessons learned from evaluations finalised in 2009*

**Chad:** The evaluation report covered the period 1996-2007. The study concluded that the EU cooperation strategy is relevant to partner needs. The activities in the road sector were judged to have contributed towards the development and improvement of the road network. Activities in the area of water supply have benefited 10% of the population (mainly in rural zones) and were successful in achieving their expected results. In contrast, activities in the health sector did not improve health conditions for the targeted population. Despite efforts, the EU was unable to help develop an overall stabilisation strategy. The efficiency of cooperation was relatively low in all sectors due to high transaction costs caused by high staff turnover and delays in implementation.

**Central African Republic:** The period covered by the evaluation (1996-2007) was a time of political and military crisis. As a result, the Commission was not able to implement the strategy as set out in EDFs 7 to 9. However, it was able to use a combination of instruments (African Peace Facility, ECHO, EDF and thematic programmes). These activities were well targeted towards mitigating the long-lasting crisis in the Central African Republic and produced good results in softening its harmful effects. While it was generally able to create islands of relative effectiveness in an unsupportive or even hostile environment, the Commission took several years to draw up a global response to the crisis, showing it to be a slow learner in this situation. The Commission was especially weak at implementing projects or programmes aimed at securing the transition from instability to development. However, budget support has contributed to macroeconomic stability and proved to be a decisive factor in the 2007 decision to implement a 75% reduction in national public debt.

**Uganda:** The evaluation assessed assistance to Uganda for the period 2001-2007. The design of the development cooperation programme with Uganda has significantly improved. The three focal sectors have shown improvement and thanks

to general budget support, Uganda's macroeconomic stability has been maintained, along with increased availability of social services. The rural development sector provided positive results in terms of improved food security and increased incomes for the rural population (despite continuing inequality between different population groups). The future challenge is to develop a strategy that promotes growth with equity. While supporting the upgrade of a key regional transit corridor of major economic importance was a success, this was done at the expense of well-balanced regional development. The Commission also faced problems in managing the costs and delays involved in the implementation of projects.

**Angola:** The evaluation report covered the period 2002-2007. The strategy was judged to be relevant in supporting development and post-war recovery. The transition from humanitarian aid to development was logical, consistent and strategic; and the Commission produced a value added which was considered best practice. Effectiveness was quite high in disarmament, rehabilitation and reintegration (which consolidated the peace process), food security, access to primary health care, and improved access to primary education. Lower levels of effectiveness were found in the areas of governance, water and sanitation, and institutional aspects across the sectors. While there were positive impacts for the population as a whole, these were less visible for vulnerable groups. Sustainability was not yet proven due to the lack of strong ownership from the government. Despite efforts, coordination between donors remained poor. Implementation arrangements were considered to be medium to low in terms of efficiency, mainly because monitoring procedures proposed in project designs were not followed during implementation.

**Namibia:** The evaluation assessed assistance to Namibia between 2001 and 2007. Following the key recommendations of the 2002 evaluation, the cooperation strategy was designed with national policies at its centre. Aid was effective in several areas such as rural development, land reform, HIV/AIDS, and vocational education and training. Rural incomes increased, the quality of life improved for those infected or affected by HIV/AIDS and there was greater efficiency in implementation of land reform. In other cases, the expected results did not happen as in education, regional integration, capacity development across sectors and the mainstreaming of cross-cutting issues such as gender and the environment. The issue of sustainability did not receive sufficient attention in the design and implementation, putting long-term impacts at risk. Efficiency could have been improved by using appropriate result frameworks.

**Botswana:** The evaluation report covered the period 1999-2008 and concluded that the EU strategy was in line with national development strategies. Dialogue linked to budget support and the technical cooperation facility proved to be the best aid method for a middle-income country like Botswana. Efficiency improved as a result. In the key sector of human resources development, access to, and the quality and equity of technical education improved. This is despite the fact that the private sector was not fully satisfied by the actual level of technical education provided for young people.

**Nicaragua:** The evaluation report covered the period 1998-2008. The EU strategy was in line with the poverty reduction strategies of successive governments and demonstrated the necessary flexibility over time. The Commission achieved positive

results in rural development on various fronts. The rehabilitation programme post-hurricane Mitch achieved important results, but only applied very partially the linkage between relief rehabilitation and development. The evaluation stressed the positive links between the implementation of budget support and improvement in public financial management, noting how budget support design and harmonisation with other donors had improved over time. The effectiveness and impact of Commission interventions were in general satisfactory but uneven. Coordination with other donors and with the government had improved but without leading to a better division of labour. Global efficiency improved thanks to the devolution process and the use of budget support but no positive evolution is reported for traditional projects.

**Lao PDR:** The evaluation report covered the EU cooperation with the Lao PDR for the period 1997-2007. While it displayed positive impacts over the assessment period, overall results were limited and sustainability was low. By recently making the transition towards budget support and by linking its remaining project support to improvement of population relocation, the Commission had taken steps towards addressing the need in Lao PDR for fundamental reform of governance and public sector financial management in particular. In the area of trade and economy, assistance had been very effective and efficient in accelerating the integration of Lao PDR into the regional and global economy. However, the question of who benefits from this international economic integration is still open, as Laotian SMEs are not yet internationally competitive.

**Vietnam:** The evaluation assessed the cooperation with Vietnam for the period 1996-2008. Overall, it was judged that engagement in Vietnam was relevant to national needs. The cooperation programme was effective in supporting many poverty reduction activities, although there was room for further improvement. Aid efficiency had also improved during the evaluation period. Despite shortage in relevant skills in the Delegation's staff, the move to general budget support was successful overall. The Commission was commended for its efforts in coordination and harmonisation with other donors at the sectoral level (especially in health) and for budget support.

**Thailand:** The evaluation report covered the period 1997-2007, during which the Commission moved away from traditional development assistance towards a partnership of equals. The European Commission was successful in resolving disputes on tariff and non-tariff issues. Activities in higher education generated stable academic networks between EU and leading Thai higher education institutions. Intervention in the health sector contributed to sustainable improvement in the capacity of the Thai ministry of health towards providing universal health coverage. Activities in the environmental sector helped to increase the commitment of the Thai government on global environmental issues.

**Malaysia:** The evaluation report covered the period 1997-2007. Despite the limited financial amounts from the EU, its bilateral cooperation had a positive impact in the field of trade and economy, contributing towards the strengthening and maturing of political and economic relations between the EU and Malaysia. In other sectors, notably higher education, environment, good governance and human rights, support was limited in its impact and sustainability. Commission projects were efficiently implemented.



**ASEAN:** The report assessed the European Commission-ASEAN relationship for the period from 2000 to 2007. Assistance during this time contributed significantly to progress in ASEAN regional economic integration and helped to foster closer EC–ASEAN trade relations, despite a recurring mismatch between ASEAN commitments and national implementation. The programme met the strategic EU goals of contributing towards poverty reduction through indirect support (e.g. industrial standards, regional integration, etc). Cooperation in the field of energy and biodiversity conservation was successfully established, with European best practices in sustainable economic development introduced to the ASEAN region. However, only symbolic impacts were noted.

**MEDA II:** The evaluation covered EU cooperation with Mediterranean partner countries under the MEDA II regulation for the period 2000-2006. MEDA II contributed to improved formulation and implementation of major reforms and to progress in public sector management and professional practices. While the rationale behind the choice of EU aid instruments was not always clear, the increased use of budget support was positive and effective in stimulating important policy reforms. The evaluation indicated improved effectiveness and efficiency, when compared to the MEDA I programme. Regional interventions under MEDA II suffered from insufficient ownership at the national level. At the regional level, the Commission faced the absence of national structures to take over post-programme responsibilities, which undermines the sustainability of the interventions.

**Evaluating budget support:** Following a presentation to the OECD/DAC Evaluation Network, a methodology for evaluating budget support was developed. Pilots for this methodology were launched during the course of 2009 in Tunisia, Mali and Zambia. The European Commission is leading the two first studies, while Germany and the Netherlands are leading the one in Zambia. If the results of the tests are positive, the finalised methodology will allow evaluation of budget support to take place in a harmonised way in all countries. The results of the pilots are expected by early 2011, with final methodology available by mid-2011.

Based on the Commission's geographical evaluations finalised in 2009, some preliminary conclusions can be drawn: in nearly all countries (Uganda, Botswana, Nicaragua, and Vietnam) and in the MEDA region where budget support was introduced, the external evaluators gave a positive assessment of the shift toward this aid channel. They noted the improvement of dialogue between the EC and the governments of partner countries, the improved harmonisation and coordination amongst donors, the improvement of public financial management, the positive effect on the budget allocation towards the social sectors of health and education, and the important role of budget support in accompanying and stimulating partners' policy reforms. These findings are based on a limited number of cases and cannot be generalised.

#### 4.2.4. *Synthesis of main lessons learned*

Main lessons are:

- Commission programming and implementation addressed the needs of partner countries and remains coherent with the goals of the EU;
- Effectiveness is good for the majority of activities. However, a lack of coordination and synergy between actions at the partner country level remains;

- Efficiency is still seen as the weakest element of Commission interventions. Establishing a good management tool for implementation of activities would improve this situation (e.g. monitoring, score boards, etc);
- Commission interventions do generate positive impacts as demonstrated in the various country-level evaluations but there is an urgent need to set up a comprehensive system to measure these impacts both at programming and implementation levels;
- Sustainability of Commission interventions is at risk because of poor ownership on the part of partners and the lack of exit strategies;
- The Commission has a clear added value in its regional programming. However, weak linkages remain between national and regional programming and implementation;
- The first findings on budget support in various country-level evaluations show positive results in the move towards budget support;
- Following the expansion of various types of aid channels in recent years, it would be useful to reflect on the right mix of aid modalities, both at the level of headquarters and in Delegations.

#### 4.2.5. *Outlook for 2010*

The evaluation programme for 2010 will follow the structure laid out in the multiannual evaluation programme for 2007-2013. The following evaluations are planned to be launched in 2010: 12 geographic evaluations (Caribbean region, Colombia, Congo-Brazzaville, Ecuador, Haiti, Jamaica, Malawi, Nepal, Zambia, plus ENP East, South and Interregional; four thematic evaluations (health, integrated border management and fight against organised crime, private sector, and trade related assistance); and one evaluation on EU aid channelled through the Council of Europe.

## 5. **AID MANAGEMENT**

### **Introduction**

The Commission has sought to raise its standards in recent years for aid implementation, quality control, accountability and results monitoring. It has engaged in a reform of its processes in order to make them simpler, focused on quality and results, and in line with internationally agreed objectives on aid effectiveness. The Commission has also developed more dynamic forms of partnership with beneficiaries and with other donors and has simplified its procedures and clarified the rules for delivery and implementation.

In 2009, efforts concentrated on:

- The implementation of the reform of the Commission's technical cooperation to improve aid effectiveness. The key elements at this stage were developing guidance and establishing a system of monitoring the results of the reform;
- Linked to the technical cooperation reform was the launch of [www.capacity4dev.eu](http://www.capacity4dev.eu), an interactive platform, improving internal communication, including EU Delegations, and opening up a dialogue with a

range of external stakeholders in the area of capacity development and technical cooperation;

- A number of instruments were adopted in 2009 in order to simplify and streamline the implementation of EU external aid;
- Budget support has become a Commission's preferred aid modality as it helps increase local ownership and reduce transaction costs;
- The development of skills and capacity of staff involved in delivering external assistance at HQ and Delegation-level. EuropeAid has become a front-runner in the delivery of training;
- A revision of the main quality tool implemented at the design phase in a project's lifecycle, which is a peer review mechanism called oQSG (office Quality Support Group) and which in 2009 covered nearly 100% of eligible projects and programmes. The changes agreed focus on problem analysis and involvement of stakeholders from the earliest phase of design. Studies show that this approach leads to better results in the end.
- Cooperation and partnership with other donors has remained significant, making more and bigger interventions possible, enhancing effectiveness and efficiency of aid delivery and impacting positively on beneficiaries. Also, by working with others, the Commission has benefited from the expertise, experience and synergies created.

## **5.1. Developments in aid delivery modalities and channels**

### **The EU approach to aid delivery**

In line with international commitments on aid effectiveness and the Accra Agenda for Action agreed in September 2008, EU external assistance is implemented through three main delivery modes (project approach, sector approach and budget support). The actual choices depend on a joint Commission/partner government analysis of the country and sector involved.

At a policy level, the sectoral approach and the use of budget support as preferred aid mode follow the orientations of the European Consensus on Development, which states that “where circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partner’s national accountability and procedures, to finance national poverty reduction strategies and to promote sound and transparent management of public finances”. The sector approach, where a sector policy support programme is used, aims to underpin an agreed sector policy and a realistic strategic framework monitored through performance criteria and indicators. SPSPs may be financed by (i) sector budget support (SBS), with funds transferred to the national treasury of the beneficiary country; (ii) pool funds with beneficiary governments and other donors, or (iii) project procedures using EU procurement and grant award processes.

The Commission also supports national or macro-level goals expressed in national policy and strategy documents (such as a poverty reduction strategy paper). This support is financed through general budget support (GBS), with funds transferred to

the national treasury of the beneficiary country. It is usually accompanied by capacity-development activities, generally in the area of public financial management.

The project approach is used in situations such as support to non-state actors and regional programmes, or where conditions do not allow for complete use of government systems, as in conflict or post-conflict situations. Projects are implemented using the EU's procurement and grant award procedures.

#### *5.1.1. The 'backbone strategy' for reforming technical cooperation and capacity4dev.eu*

In July 2008 the European Commission launched the so-called backbone strategy for reforming technical cooperation. The strategy provides a set of principles including: focus on development of local capacity, demand-led approach, partner country ownership, strong result orientation. Special attention is paid to innovative options for the provision of technical cooperation, including the use of national and regional resources and of public sector expertise, as well as various forms of twinning arrangements. The strategy is fully in line with EU commitments on aid effectiveness and the Accra Agenda for Action with respect to capacity development. In 2009, the Commission worked intensively to implement the first phase of the reform focused on reviewing systems and developing guidance. Major achievements include:

- The "Guidelines on making technical cooperation more effective" as well as the "Toolkit for capacity development" were produced and widely disseminated;
- Criteria for quality checks to be used during identification, formulation, monitoring and evaluation of technical cooperation programmes were established;
- From January 2009, results-orientated monitoring reports on more than 1 500 projects/year include a new section called 'Review of Technical Cooperation Quality Criteria';
- At country level, the backbone strategy implementation kicked off with the mapping of ongoing and pipeline programmes while and Delegations have also initiated country action plans to redress policy gaps and to ensure quality of ongoing and pipeline programmes;
- Procurement and contracting procedures for technical cooperation support were reviewed and a short guide produced: "How to apply EC procedures to Technical Cooperation".

Capacity4dev.eu ([www.capacity4dev.eu](http://www.capacity4dev.eu)), an interactive platform, was launched in October 2009 to facilitate and to follow up the implementation of the backbone strategy and to open up a dialogue with a broad range of stakeholders in the area of capacity development and technical cooperation. During the first two months after its public launch the platform enlisted around 500 registered users from outside the Commission. Through online workgroups, discussion forums, and various communication tools, development practitioners can now exchange best practices, and engage in an open dialogue on development-related issues.

The implementation of the second phase of the technical cooperation reform started in November 2009. Its focus substantially shifted towards the operational level, where EU Delegations would play the main role.

Simultaneously, in November 2009 the EU policy on technical cooperation was endorsed by the Council which approved the EU operational framework on aid

effectiveness measures to enhance common approach on technical cooperation and foster coordinated action.

### 5.1.2. *Budget support*

Budget support is an aid modality where funds are transferred to the national treasury of the beneficiary country if agreed conditions for payment are met by the partner country. During 2009, the Commission continued to use budget support, which represented 28% (€2.32 billion) of all commitments from the EU budget and the EDF.

The funds are provided either as general budget support (GBS), where the EU supports the implementation of a national development policy/strategy, or as sector budget support (SBS), where the EU funds help the partner country reach progress in a given sector.

In 2009, GBS commitments made up 35% of all new budget support operations, amounting to €860 million. The beneficiaries were all ACP countries (23 countries). This marked a significant decrease compared to €2.3 billion in the previous year (60% of all 2008 budget support commitments), which is almost entirely due to the fact that most MDG-Contract commitments (€1.3 billion) were made in 2008.

In 2009 about 10% of new GBS operations were made to countries in fragile situations (see box). Beneficiaries were Comoros, Liberia and the Democratic Republic of Congo (targeted budget support).

A slight increase was, however, seen in 2009 in the use of Sector Budget Support. Total SBS commitments amounted to €1.5 billion, about 65% of new budget support operations committed in 2009.

SBS operations represented 33% of new budget support commitments for the ACP region, and up to 100% in most countries in Asia, Latin America, among the EU's eastern and southern neighbours and South Africa. In the ENP countries and South Africa, budget support operations are concentrated in the areas of vocational education and training, public health reform, water and waste water management, transport, environment and employment, and primary education. In Asia, all commitments were made in the social sectors. In Latin America, the main sectors were education and social cohesion. In the ACP region SBS operations concentrated on traditional sectors (roads, health and education), with some emerging new sectors like decentralised agriculture and human resources development.

#### • **Evaluating the impact**

Following a presentation to the OECD/DAC Evaluation Network, a methodology for evaluating budget support was developed. If the results of the tests are positive, finalised methodology will allow evaluation of budget support to take place in a harmonised way in all countries.

The evaluations finalised in 2009 show that in nearly all countries and regions where budget support was introduced, the move toward this aid modality had a positive impact for instance on dialogue between the European Commission and the

governments of partner countries, donors coordination, public financial management and policy reforms.

For further details → 4.3.4

- **Public finance management**

To be eligible for budget support, countries are required to have national and/or sector development and macro-financing policies and strategies in place (or under implementation). In addition, the fulfilment of specific performance indicators determines the amounts disbursed. The area of public finance management (PFM) is the third eligibility criteria. The working and evolution of public finance management systems continue to be essential to the provision of budget support, so as to ensure that governments are accountable for the utilisation of their budgets to their own and European taxpayers.

The Commission continues to use the Public Expenditure and Financial Accountability (PEFA) diagnostic tool in order to establish PFM baselines that are used to measure whether countries are making progress within their PFM systems over time. From June 2005 to the end of 2009, PEFA assessments were carried out in 105 countries, out of which 62 are from the ACP region. All ACP countries and almost all countries in the rest of the world benefiting from EU budget support had completed a PEFA assessment by 2009.

The Commission has committed itself to carry out a rigorous approach when applying budget support as regards the assessment of the eligibility criteria (national/sectoral reform strategy; PFM and macroeconomic stability), the assessment and monitoring of risks, and the assessment and monitoring of progress of reforms. On this basis, i.e. where conditions are met, budget support will also in the future continue to play an important role.

In order to enhance Commission staff capacities to implement budget support programmes and engage in related discussions on public finance management or macroeconomic policies, training courses are delivered in Brussels as well as at country level. Participants at these training events mostly include personnel from the Commission and EU Delegations, but courses are usually open to officials from partner governments and to personnel from other donor agencies as well. In 2009, 41 training events were organised for a total of 141 days with about 2 500 attendees in fields such as budget support programme design and implementation, dialogue on national and sector development policies, public finance management assessments and reforms (including the PEFA instrument), macroeconomic programming, and performance measurement.

**Budget support to countries in fragile situations**

An annex to the European Commission's 2007 guide on general budget support was drafted in 2009 to clarify the methodological approach to budget support for countries in fragile situations (post-conflict, post-crisis).

The Commission considers that, in certain circumstances of fragility, budget support is the most appropriate aid instrument to underpin stabilisation and avoid deterioration of the economic and political situation.

However, it is often hard for such countries to meet the eligibility criteria for obtaining budget support. Thus, while under 'classical' budget support programmes the beneficiary countries need to have a poverty reduction strategy in place, countries in fragile situations need to demonstrate that they make satisfactory progress in the PRSP process. All other eligibility criteria remain the same.

On PFM, the baseline situation will have to be determined (e.g. through PEFA assessments or work done by the IMF Fiscal Affairs Department) and basic functions of a PFM system need to be in place to ensure transparent execution of public resources (the "ultra-basics elements") before BS can be provided. The relevance and sequencing of the PFM reform plans will also have to be scrutinised. In the course of the programme implementation, progress made against the initial situation will be assessed so as to confirm eligibility in accordance with the dynamic interpretation before any disbursement.

Coordination with the other donors is key to the success of budget support programmes. The role of the IMF, both on the maintenance of macro-stability and on PFM reforms is crucial. To be eligible, countries in fragile situations should have access to an IMF programme. If this is not the case, an assessment letter confirming that a stability oriented macro-economic policy is in place will be required from the IMF.

Programmes will be designed in such a way that risks are mitigated while ensuring a proper use of the "window of opportunity" immediately following a conflict or a crisis situation. Thus programmes can address specific issues such as: targeting or not, the duration of the programmes (e.g. one year), the size of the financial envelope and the specific conditions (pre-conditions and /or variable tranche indicators).

## **5.2. Progress on qualitative issues in aid management**

- **Quality of design**

The Commission is constantly improving its system to screen and support the quality of operations at design stages – identification and formulation based on a peer review, called the office Quality Support Groups (oQSGs). In 2009, nearly 100% of operations were subject to these structured reviews that took place at 181 meetings which discussed a total of 970 operations.

After a thorough, year-long discussion within the Commission and by Delegations new rules for oQSGs have been approved. A new set of guidelines, templates for identification fiches and checklists have been agreed, focusing on context and problem analysis as well as involving stakeholders from the very beginning of the identification process. The aim of the reform is to ensure that effective and efficient support is provided to Delegations and headquarters. A growing number of projects are discussed interactively via videoconferences. This also helps identify projects where additional support from headquarters, in particular regarding the quality of operations, is needed. The review enshrined the principle that it takes up to 24 months to design a project or programme so as to ensure result-oriented solutions are developed.

In 2009, a new IT project, the Project Cycle Management Platform, was launched. It should improve accessibility of project data and the dissemination of lessons learnt, as well as allow interaction between staff in charge of project/programme design, implementation and evaluation.

- **Using lessons learnt from results-oriented monitoring**

The results-oriented monitoring system not only provides recommendations for improving the monitored project or programme but also collects lessons learned to be applied in future activities. In this regard, *ex-post* ROM following project completion is especially valuable as this methodology analyses the actual impact and sustainability of an intervention.

The ROM database enables project managers to retrieve the lessons learned from previous projects in similar sectors, regions or with similar implementation strategies and apply them to the actions they are in charge of. In addition, studies were launched to analyse all recommendations and lessons learned in ROM in order to extract the most pertinent, recurrent lessons.

In 2009 a pilot study on *ex-post* ROM identified 12 recurrent factors influencing good or bad performance linked to three crucial areas: problem analysis at the earliest phase of design, adaptation capacity of the project management, and the full participation of stakeholders. The findings were taken on board in the review of the oQSG process described above. For further details → 4.2

- **Development in working with indicators**

As stated in previous annual reports, the European Commission launched a pilot initiative in 2006 to test a method based on a list of aggregated standard indicators (ASI) in order to synthesise, in a quantitative way, the results of development programmes in terms of output and outcome and increase the visibility of programmes financed by the EU.

After a one-year test phase with the assessment of 145 projects worth €2.8 billion, it appears that the ASI exercise is not conclusive and does not lead to the expected effects in terms of better visibility of results.

As follow-up, a guide is being developed in order to capitalise on the acquired experience and provide guidelines for evaluating projects in terms of results and impacts, and better identify appropriate indicators during the phase of formulation of projects/programmes. The final version of this guide called "Policy guidance – role and use of indicators for performance measurement" should be available in mid-2010. This guide will strengthen the analysis skills and capabilities of Delegations during the dialogue with partner countries on results, impact and corresponding indicators.

- **Methodological work and training**

Developing skills and capacities of key actors involved in the design and implementation of EU-funded programmes is essential for improving their quality, impact and sustainability. The Commission is investing in the development of the capacity of its staff and other stakeholders involved in delivering external assistance through methodological work and training. In 2009, particular attention was paid to meeting the challenges of supporting public financial management reforms, decentralisation and local governance in partner countries.

Three new documents have been issued in the *Tools and Methods* series:



- *Guidelines on making technical cooperation more effective*<sup>80</sup>: this document provides advice on how to implement the technical cooperation reform in the design and management of any technical cooperation-supported programme. It covers the whole cycle of operations. The Guidelines are complemented by useful annexes. Among them, Annex 6 - Short guide to European Commission rules and procedures - is a key component of the reform;
- *Toolkit for capacity development*<sup>81</sup>: the purpose of this document is to improve the planning and implementation of capacity development. It applies mostly to sector programmes where several organisations may be part of a sector-wide capacity development processes but the tools may also be useful for processes in individual organisations.
- *Public sector reform - an introduction*<sup>82</sup>: This document introduces public sector reform for people involved in designing and delivering aid operations, in particular at sector level or through budget support. The Commission's shift from project support to sector-wide approaches and to budget support has resulted in greater involvement with national public administration systems and with public sector reforms.

EuropeAid is active in providing training and learning events in various areas related to sector approaches, such as public financial management, institutional analysis and capacity development, applied macroeconomics, decentralisation and public sector reform. These events were aimed at progressively improving the dialogue with partners, the contexts analysis and the choice of aid modalities. In 2009, over 2 000 participants attended more than 100 sessions of methodological courses held in Brussels and in various partner countries. New training launched in 2009 included courses on 'growth challenges'; public policies' cycles and dialogue, public expenditure and financial accountability, performance management and measurement, introduction to a new approach on technical cooperation, and aid effectiveness. Workshops on sector approaches in various areas were also organised covering energy, water, transport and rural development.

In 2009, the Commission continued its active involvement in the joint donors' competence development network, known as Train4Dev. The network is chaired by EuropeAid for the period 2008-2010. The goal of Train4Dev is to promote the implementation of the Paris Declaration through joint learning events addressed mainly to donors' staff.

#### **Measuring progress: the need for statistics**

In order to manage development processes, it is essential to measure them. While statistics may not directly reduce poverty or hunger, they are essential components in assuring the effectiveness of aid and sustained improvements.

<sup>80</sup> <http://capacity4dev.ec.europa.eu/guidelines-making-technical-cooperation-more-effective>

<sup>81</sup> <http://capacity4dev.ec.europa.eu/toolkit-capacity-development>

<sup>82</sup> <http://capacity4dev.ec.europa.eu/concept-paper-public-sector-reform-introduction>

In 2009, as in previous years, some progress has been recorded concerning capacity building of statistical systems and availability of statistical information in developing countries, even if statistics are still often undervalued and under-funded.

MDG indicators have contributed to stimulating demand and coordinated international support for sustainable national statistical capacity-building. A recent study of the official UN database on MDGs<sup>83</sup> shows a positive trend in the number of available indicators. However there is still a significant lack of indicators for a number of countries.

As well as quantity, data quality is also an issue. In general the weaknesses of most statistical systems in developing countries can essentially be attributed to poor data availability and to the lack of comparability due to differences in definitions and methodologies. The Global Statistical System, in which the EU is a major player, is making considerable efforts to improve the situation.

### 5.3. Simplification of procedures

In the context of the review of the financial regulation and implementing rules, a list of more than 50 proposals was put forward. These proposals, agreed within the External Relations Directorates-General, call on the Commission to create and manage trust funds, to simplify and streamline the requirements for each type of management mode, to render more flexible the current mechanism of assigned revenues and to facilitate the implementation of grants and procurement.

A number of instruments were adopted in 2009 in order to simplify and streamline the implementation of EU external aid. For instance, an updated PRAG<sup>84</sup> entered into force on 1 January 2009, mainly to respond to the alignment of the EDF to EU budget procedures. The guide to the financial procedures of the 10<sup>th</sup> EDF was accordingly updated. Additionally, two guides have been published to streamline work. One of these, the *Short guide to EU rules and procedures* was published to provide guidance on legal and procedural issues relating to technical cooperation in light of the Paris Declaration and the Accra follow-up. The other, the *Short guide to decentralised management* provides guidance to all services implementing external aid, explaining decentralisation in practical terms whilst considering the implications of the aid effectiveness objectives. The *Practical guide to procedures for programme estimates* has also been updated in order to reflect changes to the legal framework and to integrate simplifications, improvements and clarifications following observations from services and Delegations.

### 5.4. Cooperation with international organisations and other donors

Cooperation and partnership with the UN and the World Bank Group has remained significant, with contributions amounting to €37.3 million to the UN and €456.2 million to the World Bank Group in 2009. The UN and the World Bank continue to work together with the Commission to support programmes in areas such as election monitoring and assistance, institution building, rehabilitation, rural development, education and health. This increasing cooperation has made more and bigger

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<sup>83</sup> Indicators for monitoring the Millennium Development Goals, United Nations Statistics Division, December 2009, <http://unstats.un.org/unsd/statcom/doc10/2010-15-MDG-E.pdf>

<sup>84</sup> The Practical guide is available at:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

interventions possible, enhancing effectiveness and efficiency of aid delivery and impacting positively on beneficiaries. By working with these partners, the Commission has also benefited from the expertise, experience and synergies created.

EU financial regulations allow for EU funds to be managed by international organisations in accordance with their own procedures. The Commission first checks that these procedures meet international standards, and has the right to carry out checks (known as verifications), including on the spot, that the funds have been correctly managed. In 2009, an agreement on standard terms of reference for these verifications was reached with the UN. A new framework agreement was signed with the World Bank group in March 2009, replacing one from 2001, which will enable funds to be channelled through the World Bank in accordance with the latest EU financial regulations and World Bank procedures. A similar framework agreement was signed for the first time with the International Monetary Fund in 2009, making it easier, for instance, for the Commission to join with the IMF in supporting anti-money laundering programmes.

The Commission also works closely with regional development banks such as the African, Asian and Inter-American Development Banks. This cooperation encompasses areas such as infrastructure, rural development, education, debt relief and results measurement.

The Commission has continued to check that the international organisations with which it works meet international standards as regards accounting, external audit, internal control and procurement.

More information on the political aspects of Commission's cooperation with international organisations is provided in Section 1.7.

#### **5.4.1. The United Nations**

Sharing common objectives and values, and similar policy priorities in, *inter alia*, poverty reduction, human rights, democratic governance, crisis prevention and recovery, the Commission and the UN work together in over 100 countries.

The Commission and the UN continued to streamline the way they work together under the 2003 Financial and Administrative Framework Agreement (the FAFA). The annual meeting saw the adoption of terms of reference for the conduct of verification missions by the Commission to UN-implemented projects and agreement on a set of frequently asked question (FAQs) to facilitate the work of staff from both organisations. Joint training activities have continued to take place and have proved to be an effective means of fostering mutual understanding between the UN and the Commission. Efforts were also made to streamline the collection and publication of information on the beneficiaries of Commission funds resulting in greater transparency.

In 2009, the UN-European Commission Partnership Report<sup>85</sup>, produced by the UN with Commission support, took an in-depth look at post-crisis situations showing

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<sup>85</sup> UN report “Renewing hope, rebuilding lives: Partnership between the United Nations and the European Commission in post-crisis recovery” (downloadable at [www.undp.org/eu](http://www.undp.org/eu))

how the Commission and the UN work together to help people facing the challenges of living in such environments. The report provides extensive examples of how, through working together, the Commission and the UN have been able to positively affect community security and social services, jump-start economic activities, strengthen institutions and help to build more resilient societies.

During the year, the European Court of Auditors carried out a performance audit on EU assistance implemented through United Nations bodies. The special report of the first part of the audit on EU decision-making and monitoring was adopted by the Court in October and covers funds managed between 2002 and 2008. The Commission has already addressed many of the Court's concerns through the adoption of the terms of reference for verification missions mentioned above and through improvements in the way it documents its decisions to work with international organisations. The second phase will examine the effectiveness of the aid and whether objectives were achieved in an efficient and sustainable way. The report is expected to be adopted before the end of 2010.

UNDP continues to be the Commission's main partner on major rehabilitation and reconstruction programmes. Support for elections is another area where the Commission and UNDP have continued to cooperate. The Commission has also cooperated with the UN in election monitoring, with the elections in Afghanistan among the most challenging of these undertakings.

The year 2009 saw extensive cooperation under the Food Facility with FAO, WFP and UNRWA. In total, contribution agreements for over €240 million were signed with these three organisations which will go towards promoting food security in vulnerable countries throughout the world.

#### **5.4.2. The World Bank Group**

The Commission remains one of the major donors to trust funds managed by the World Bank Group. Since 2001, an average of €400 million per year has been channelled via the WBG, thus fulfilling the commitment to reinforce pooled funding, harmonisation and alignment. The channelling of funds through the WBG has promoted cost efficiency, enhanced aid effectiveness and contributed to a better coverage of beneficiaries' needs. This cooperation has proved particularly important for implementing global initiatives and intervening in post-crisis situations, such as in Iraq and Timor-Leste.

The Commission is conscious of the need to ensure that the substantial amounts channelled through the WBG are properly managed, reported on and accounted for. Since 2001, cooperation between the two organisations has been facilitated, to a great extent, by the conclusion of the Trust Fund and Co-financing Framework Agreement which regulates the operational aspects of Commission's contributions to WBG-administered trust funds. As indicated above, a new framework agreement was signed to reflect new financial and legal requirements of the Commission as well as the recent trust fund reform initiatives approved by the World Bank Group. This new agreement is an important step forward in increasing simplification, ensuring consistency, improving transparency and sound management of Commission's funds and enhancing EU visibility.

Consultations on the implementation of the Trust Funds and Co-Financing Framework Agreement are held annually, to review administrative and operational issues, discuss new mechanisms for joint financing and assess the pipeline of proposals for the following year. Coordination is good and relations in-country between EU Delegations and the Bank's offices help to reinforce the frequent contacts at headquarters level. In some of the key programmes, such as in aid to the Palestinians and in Iraq, the need for a common approach is reinforced.

#### **5.4.3. OECD**

Cooperation between the Commission and the OECD continued to develop satisfactorily. The OECD has undertaken a wide-ranging review of its internal cost recovery policies and discussions have taken place on the updating of the framework agreement, which has been in place since April 2006. It is expected that these discussions will continue in 2010.

At the OECD-Development Aid Committee, the appointment in March 2009 of the EuropeAid Director-General, in his personal capacity, as Co-Chair (with Egypt) of the DAC working party on aid effectiveness (WP-EFF) added a new dimension to the Commission's work. Following a Commission proposal to demonstrate concrete results in time for the Fourth High-Level Forum (HLF IV) on aid effectiveness in Seoul in 2011, the WP-EFF outputs now largely focus on supporting change at country level. The Commission also played a proactive role in shaping a common position of EU donors on all issues and was active in all clusters and task-teams of the working party.

#### **5.4.4. Council of Europe**

The signature in May 2007 of a memorandum of understanding on enhanced cooperation and political dialogue further deepened relations between the EU and the Council of Europe. The Commission, which contributed significantly to the negotiating process, is now actively implementing the memorandum. Part of this is the decision to open an EU Delegation to the Council of Europe. The new relationship is also reflected in the volume of joint projects, which reached €62 million at the end of 2009. The shared values of pluralist democracy, the rule of law, and human rights and fundamental freedoms form the core areas in which the Commission and the Council of Europe concentrate their cooperation, which is particularly beneficial to the countries participating in the EU's Neighbourhood Policy and the enlargement process. But cooperation also goes beyond the European continent, as projects in the framework of EU-African youth cooperation or in the rule of law initiative for Central Asia demonstrate.

#### **5.4.5. Other international organisations**

In 2009, cooperation between the EU and the OSCE continued both at the level of headquarters and between OSCE field presence and EU Delegations on the ground. Good coordination efforts and financial support ensured efficient implementation of several EU and OSCE programmes. In Ukraine, implementation continued on a €3.5 million electoral assistance project, funded by the Commission, which will lead to the establishment of an electronic voter register.

The Commission encourages contacts with all international organisations which share and complement the values and objectives of the EU. The International Organisation for Migration (**IOM**) has emerged as a substantial partner for the Commission, in particular in implementing Election Observation Missions where it has developed a specific expertise. Discussions have been held with IOM on the negotiation of a framework agreement, which may be concluded in 2010.

The Commission contributes to technical assistance and training activities provided by the International Monetary Fund (**IMF**) which are related to financial sector stability, macroeconomic, fiscal, monetary and exchange rate policies, and in the enhancement of macroeconomic and financial statistics. In January 2009, a Framework Agreement between the two organisations was signed. It sets the terms and conditions under which the Commission will contribute to financing activities of the trust funds administered by the IMF.

Coordination with international organisations and other donors is crucial and is in line with the Commission's strong commitment to the Paris declaration on aid effectiveness. To this end, the Commission is engaged in – and contributes technically and financially to – several sectoral initiatives related to agriculture, rural development and livestock, aiming at ensuring that the needs of the rural poor and the food insecure are appropriately considered in international agendas. The Global Donor Platform on Agriculture and Rural Development (**GDPRD**) made an important contribution to the Accra High-Level Forum in 2008 and it continues its active participation in the OECD working party on aid effectiveness and the associated joint ventures.

## **5.5. Visibility and communication**

Better communication of the results achieved by the EU's external assistance instruments is a major objective which was further developed in 2009.

Progress included the mainstreaming of communication into the whole project cycle, the delivery of the training module on communication for project managers, and improved sharing of good practice. Special attention was paid on communicating results and on improved monitoring and evaluation. A big effort is made to provide concrete examples of external assistance in action as demonstrated by the wide range of case studies supplied by EU Delegations.

The Commission continued to work in 2009 with other organisations to improve joint communication on results. Examples of this were the signing in May of joint visibility guidelines with the World Bank, which resulted in guidance and practical tools for implementing partners. Further examples were the development of case studies with the Department for International Development (UK) and the beginning of a project with UNICEF to develop a joint portal showing examples of EU/UNICEF cooperation. The Commission also worked during the Swedish Presidency of the EU on a media campaign focusing on Swedish citizens working in EU Delegations.

Other events and activities in 2009 included further improvements to the website and the delivery of the second phase of the youth campaign in EU member states through

a music contest<sup>86</sup>. The European Development Days in October provided an excellent opportunity to communicate with key actors in development and provide them with information on EU actions in the field. The External Cooperation Info Point in Brussels received around 6 500 visitors and organised conferences, film screenings, group visits, exhibitions and other events.

Key communication products produced included a review of the implementation of external aid 2004-2009<sup>87</sup> and a brochure<sup>88</sup> and interactive map<sup>89</sup> on climate change. An evaluation of stakeholders' information needs in 2009 will lead to the production of communication tools better targeted to address their needs.

## 6. ANNEXES

### 6.1. Introduction to financial tables

The Annual Report provides an overview of policies, objectives and achievements in 2009. The tables and graphs that follow present the main data on development assistance in 2009 by country, region, or sector and per instrument of EU funding.

Regarding the external assistance of the European Union, the geographical cooperation for Sub-Saharan Africa, the Caribbean and the Pacific regions (ACP), is based on the Partnership Agreement with the ACP signatory states and is mainly financed, South Africa excepted, from the European Development Fund i.e. outside the EU budget. External assistance for other geographic areas and the thematic programmes with worldwide coverage are financed from the general budget of the European Union.

Data for 2009 again show an improvement of overall Official Development Assistance (ODA) levels.

**Figure 6.1** shows the importance of external assistance in the overall expenditure of the European Commission. Defined as the resources used to foster programmes and projects outside the European Union, external assistance accounted for 9% of the total allocation in 2009 (General EU budget and EDF).

The sources of External Assistance are the General Budget of the EU and the European Development Fund. A global overview of the share of resources is given in **Figure 6.2**. A detailed breakdown of the budget by policy areas that contributes to this external assistance effort can be found in **Table 6.3**. A similar breakdown for the EDF is presented in **Table 6.4**.

The concept of ODA used throughout the tables and figures is that defined by the OECD's Development Assistance Committee via its directives and reported by the European Commission. Not all EU external assistance can be reported as ODA. Whether an action, programme or project is classified as ODA or not depends on the recipient country and the purpose and content of the aid.

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<sup>86</sup> [http://www.ifightpoverty.eu/music\\_contest/vote2/finalList9.php?lg=en&video=36](http://www.ifightpoverty.eu/music_contest/vote2/finalList9.php?lg=en&video=36)

<sup>87</sup> [http://ec.europa.eu/europeaid/infopoint/publications/europeaid/better-faster-more\\_en.htm](http://ec.europa.eu/europeaid/infopoint/publications/europeaid/better-faster-more_en.htm)

<sup>88</sup> [http://ec.europa.eu/europeaid/multimedia/publications/publications/thematic/climate\\_change\\_en.htm](http://ec.europa.eu/europeaid/multimedia/publications/publications/thematic/climate_change_en.htm)

<sup>89</sup> <http://ec.europa.eu/europeaid/climate-change-actions/>

**Figure 6.5** shows the share of the EU's external assistance classified as ODA. In all, 96% of the total resources of EU external assistance committed in 2009 are considered reportable as ODA, indicating an increased focus on development in external financial allocations.

**Figures 6.6** and **6.7** show the evolution over time, from 2001 to 2009, of external assistance and ODA. **Figure 6.6** shows the evolution of the main sources of funding: external assistance from the EU budget and EDF, indicating the share managed by EuropeAid. **Figure 6.7** shows the evolution of the sector breakdown of ODA.

Turning to beneficiary countries and regions, **Figure 6.8** and **Table 6.9** present the breakdown per region. For this breakdown, it is necessary to differentiate between bilateral and multilateral aid. Bilateral aid, as defined by the Development Assistance Committee, is direct cooperation by the Commission with a country (or region) where the Commission controls the activities and knows how, when and where the resources are being spent. Multilateral aid comprises direct contributions to the core funding of multilateral agencies, who report back to the Commission at a later stage about the expenditure. **Figure 6.8** provides a breakdown of EU ODA per region. Africa continues to top the list (38% of ODA). Overall, Sub-Saharan Africa received 33% of total ODA in 2009.

A more detailed breakdown, per country and region, in line with the OECD/DAC recipient list, is presented in **Table 6.10**. Leaving aside regional programmes, the top ten ODA countries in 2009 were Turkey, Tanzania, Democratic Republic of Congo, occupied Palestinian territory, Haiti, Afghanistan, Kosovo, Kenya, Pakistan, Serbia.

**Figure 6.11** focuses on ODA recipients classified under the four UN/OECD categories based on GNI. The table monitors disbursements in 2009 by DAC recipient and by main OECD sectors. An indicator shows ODA disbursement per capita.

It is also important to identify the main sectors of activities that receive support. **Table 6.12** shows this breakdown of EU ODA per main sector as defined by the DAC.

A more detailed sector breakdown of ODA is provided in **Table 6.13** for commitments and in **Table 6.14** for payments.

**Tables 6.15** and **6.16** give an overview of the ODA managed by EuropeAid, with a breakdown per sector and region. In these tables, the definition of region reflects the country groupings used in the EU instruments and corresponding budget structure.

**Tables 6.17** and **6.18** show the sector breakdown of ODA per EU external assistance instrument and sub-component within the instruments, with the associated **Figure 6.19** providing a closer look.

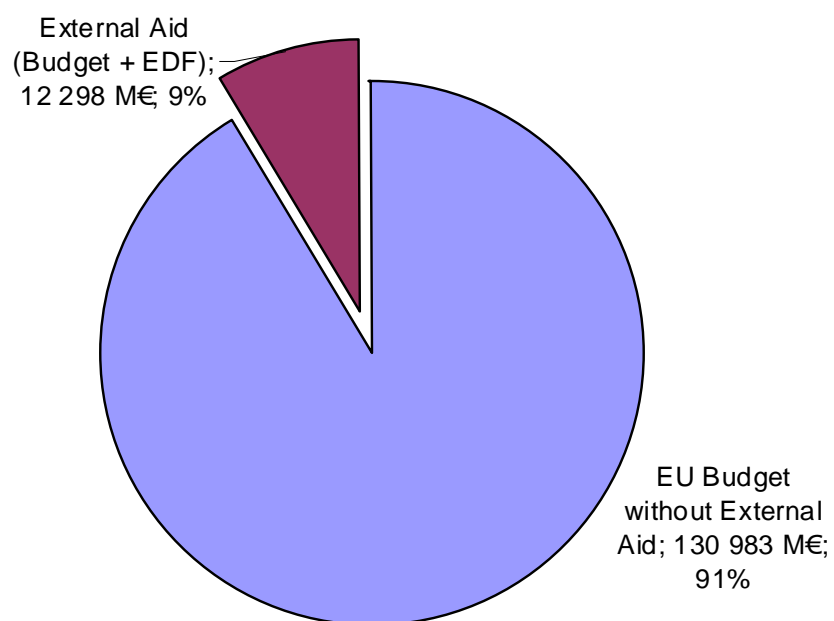
Finally, **Table 6.20** focuses on budget support commitments 2009 by EuropeAid instruments.

For all tables and figures, the reference to the EU budget does not include the financial contributions from the European Investment Bank.



## 6.2. Financial tables

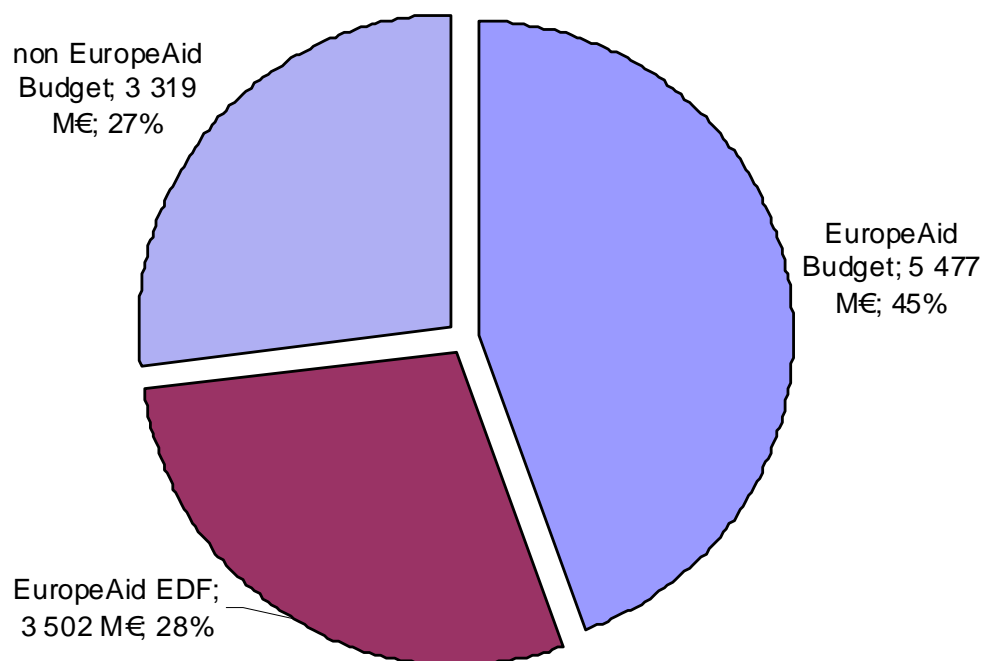
Fig.6.1 Percentage of EU Budget committed on External Assistance in 2009.



### Commitments in €million

EU Budget without External Aid	130 983 M€
External Aid (Budget + EDF)	12 298 M€
<b>EU Budget + EDF</b>	<b>143 281 M€</b>

**Fig.6.2 Sources of External Assistance in 2009**



**Commitments in € million**

EuropeAid Budget	5 477 M€
EuropeAid EDF	3 502 M€
non EuropeAid Budget	3 319 M€
External Aid (Budget + EDF)	12 298 M€

**Fig.6.3 General EU Budget for External Assistance in 2009**

Heading / Policy Area	Description	Total		Managed by EuropeAid		Managed by other DGs		of which ODA	
		Commit.	Disburs.	Commit.	Disburs.	Commit.	Disburs.	Commit.	Disburs.
4 01 - ECFIN	Macroeconomic assistance + EBRD	81.45	16.57			81.45	16.57	81.45	16.57
4 04 - EMPL	Instrument for Preaccession (IPA) — Human resources development	76.90	65.24			76.90	65.24	76.90	65.24
4 05 - AGRI	The Sapard pre-accession instrument — Completion of the programme (2000 to 2006)	127.08	259.69			127.08	259.69	121.50	4.48
4 06 - ENERGY	Completion of Intelligent energy — Europe programme (2003 to 2006): external strand — Coopener		1.70				1.70		1.70
4 07 - ENV	LIFE (Europe an Financial Instrument for the Environment)	3.51	6.82			3.51	6.82	1.00	3.98
2 11 - FISH	International fisheries agreements	157.91	149.07			157.91	149.07	0.86	2.71
4 13 - REGIO	Pre-accession IPA and former ISPA	287.82	705.23			287.82	705.23	253.20	176.26
4 14 - TAXUD	Customs cooperation and international assistance	1.70	1.90			1.70	1.90		0.20
4 15 - EAC	Education	27.47	22.37			27.47	22.37	19.87	18.80
4 17 - SANCO	International agreements and membership of international organisations	0.17	0.17			0.17	0.17		
4 19 - RELEX	Multilateral relations, cooperation in the areas of migration and asylum, and general external relations matters	51.36	60.07	51.36	60.07			51.36	56.99
4	Common foreign and security policy	242.75	315.97			242.75	315.97	219.09	288.16
4	European initiative for democracy and human rights (EIDHR)	153.23	122.30	153.23	122.30			153.23	118.96
4	Relations and cooperation with industrialised non-member countries	28.19	15.68			28.19	15.68		
4	Crisis response and global threats to security	256.83	215.10	120.70	99.59	136.13	115.51	210.81	182.00
4	European Neighbourhood Policy and relations with Russia	1 672.67	1 463.63	1 672.67	1 463.63			1 539.85	1 356.84
4	Relations with Latin America	355.67	308.34	355.67	308.34			355.67	302.77
4	Relations with Asia, Central Asia and East of Jordan countries (1)	881.49	727.17	881.49	727.17			869.49	709.93
4	Policy strategy and coordination for External relations policy area	41.18	24.39	15.94	13.90	25.25	10.49	22.11	18.63
4 20 - TRADE	External trade relations	11.70	12.34			11.70	12.34	5.47	2.35
4 21 - DEV	Food security	1 075.86	672.54	1 075.86	672.54			1 075.86	672.54
4	Non-State actors in development	218.56	180.85	218.56	180.85			218.56	180.31
4	Environment and sustainable management of natural resources, including energy	176.66	81.30	176.66	81.30			176.66	80.96
4	Human and social development	143.36	112.68	143.36	112.68			143.36	111.88
4	Geographical cooperation with ACP Countries	301.27	256.41	301.27	256.41			301.27	256.41
4	Other cooperation actions and ad-hoc programmes	29.92	29.47	27.59	27.14	2.33	2.33	0.26	1.50
4	Policy strategy and coordination for Development and relations with ACP States policy area	18.07	15.20	9.58	5.66	8.49	9.55	18.07	14.91
4 22 - ELARG	Management of the Instrument for Pre-Accession	1 017.23	1 160.62			1 017.23	1 160.62	1 014.67	934.27
4	Information and communication strategy	14.00	8.87			14.00	8.87	14.00	8.87
4 23 - ECHO	Humanitarian aid including aid to uprooted people, food aid and disaster preparedness	884.55	771.83			884.55	771.83	879.15	763.98
4+5	Administrative expenditure of External assistance (2)	456.93	513.18	272.91	327.76	184.02	185.42	438.94	494.43
<b>TOTAL</b>		<b>8 795.49</b>	<b>8 296.69</b>	<b>5 476.85</b>	<b>4 459.33</b>	<b>3 318.64</b>	<b>3 837.36</b>	<b>8 262.67</b>	<b>6 846.62</b>

(1) Non-ODA projects related to preparatory action on business and scientific exchanges (€12 million).

(2) Includes administrative cost of EDF management charged to heading 5.

Total ODA (Budget + EDF) administrative cost (from headings 4 & 5 and EDF adm. envelope) shown in tables 6.13 & 6.14 Breakdown by budget line of external aid financed on the General EU Budget in 2009 (Amount in €million).

**Fig.6.4 European Development Fund (EDF) in 2009**

Instruments (1)	Commitments (2)	Disbursements (3)	Of Which ODA	
			Commitments (2)	Disbursements (4)
<b><u>Lomé</u></b>				
NIP / RIP Subventions	-	75	-	75
Total indicative programmes	-	52	-	52
Interest-rate Subsidies	-	-	-	-
Emergency Aid	-	-	-	-
Aid for Refugees	-	0	-	0
Risk Capital	-	-	-	-
Stabex	1	23	1	23
SYSMIN	-	1	-	1
Structural Adjustment Facility	-	-	-	-
Hors programme indicative (Lomé)	-	1	-	1
Transfer 6th EDF	-	1	-	1
Transfer 7th EDF	-	20	-	20
<b>Total</b>	<b>1</b>	<b>173</b>	<b>1</b>	<b>173</b>
<b><u>Cotonou</u></b>				
A Envelope - Programmable Aid	2 448	1 569	2 448	1 537
B Envelope	470	433	470	429
B Enveloppe unforeseen	155	144	155	142
Regional Project	410	716	409	651
Co financing	19	90	19	90
Intra ACP Project	-	0	-	-
Implementation expenditure + Congo Rep. Dem.	-	2	-	2
<b>Total</b>	<b>3 502</b>	<b>2 954</b>	<b>3 501</b>	<b>2 851</b>
<b>Total EDF</b>	<b>3 502</b>	<b>3 127</b>	<b>3 502</b>	<b>3 023</b>

Breakdown by instrument of development assistance financed on the European Development Fund (EDF) in 2009 (amount in € million).

(1) Except The Investment Facility (10th EDF) managed by the EIB

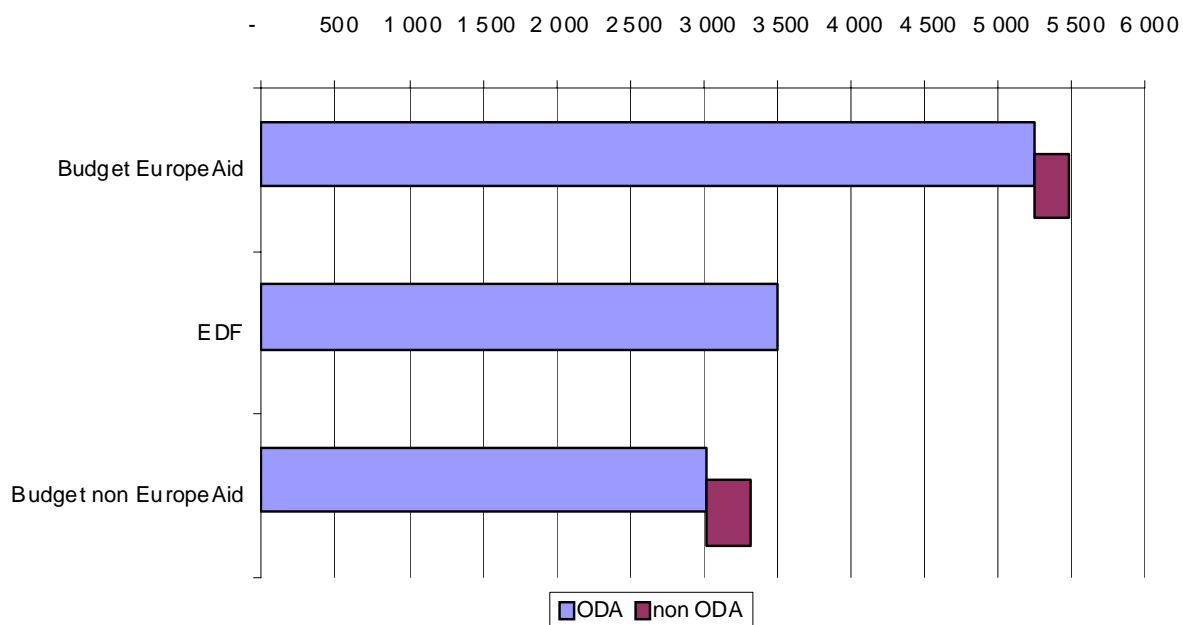
(2) Commitments 2009 have been calculated following DAC procedures :

Total commitments made in 2009 reduced by decommitments made on projects committed in 2009

(3) Before recoveries

(4) Before recoveries - Including EDF contribution to common administrative support expenditure also included in Budget figures. (Fig 6.3)

**Fig.6.5 Proportion of External Assistance used for Official Development Aid (ODA)**

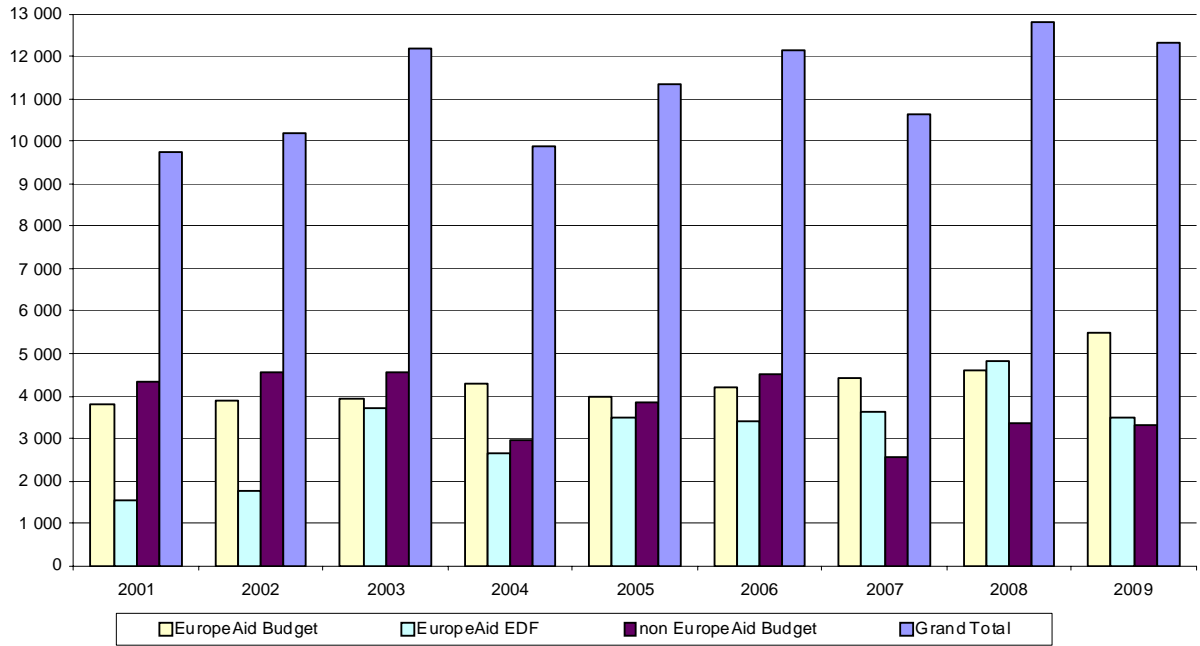


**Commitments in € million**

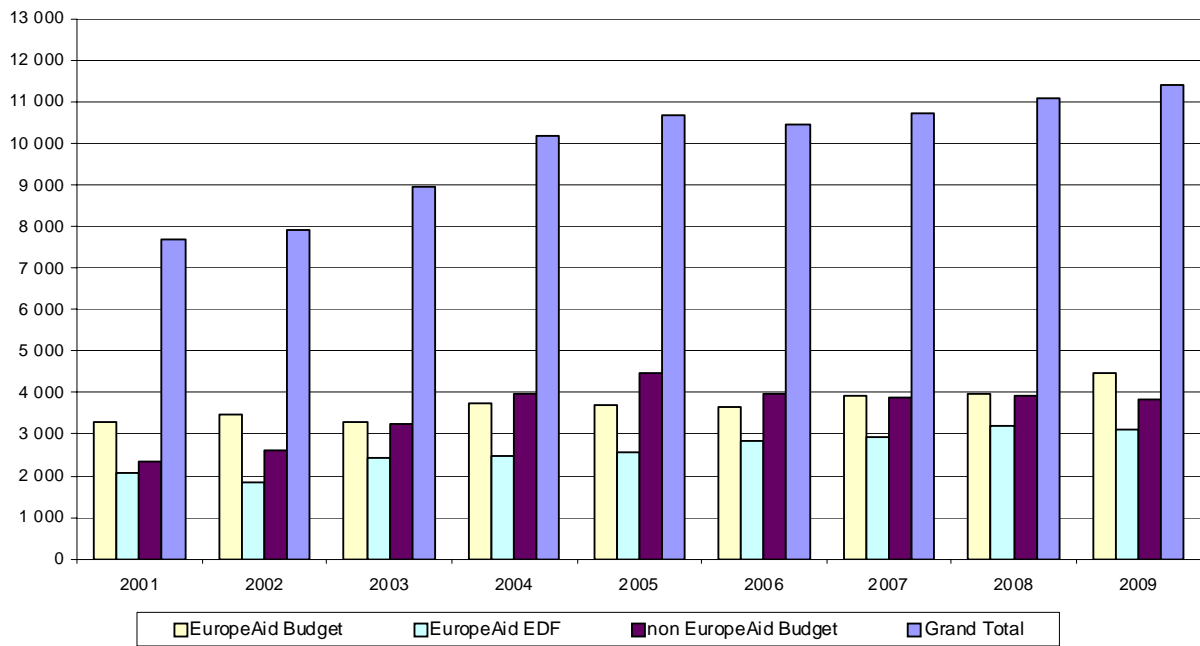
	ODA	non ODA	Total
Budget EuropeAid	5 245	232	5 477
EDF	3 502	1	3 502
Budget non EuropeAid	3 018	301	3 319
<b>Total</b>	<b>11 764</b>	<b>533</b>	<b>12 298</b>

Fig.6.6 2001-2009 External Assistance

Commitments in € million



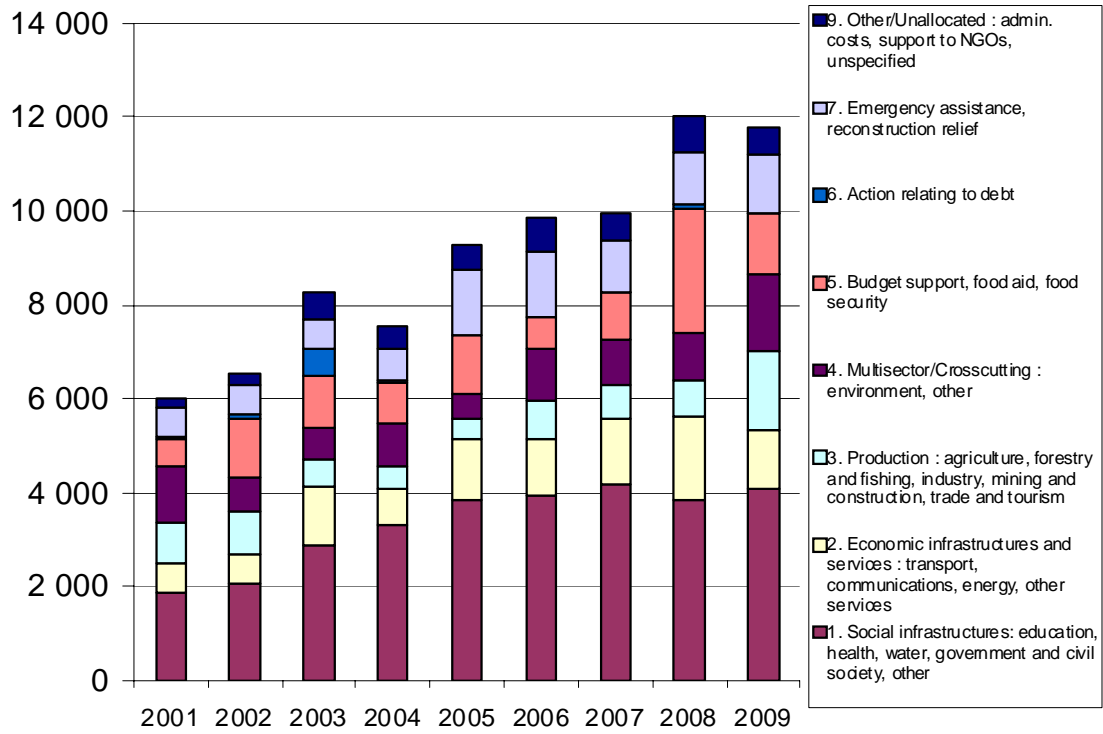
Disbursements in € million



External aid financed on the General Commission Budget and the European Development Fund (EDF) managed by EuropeAid.  
Bilateral and Multilateral ODA / Other flows.

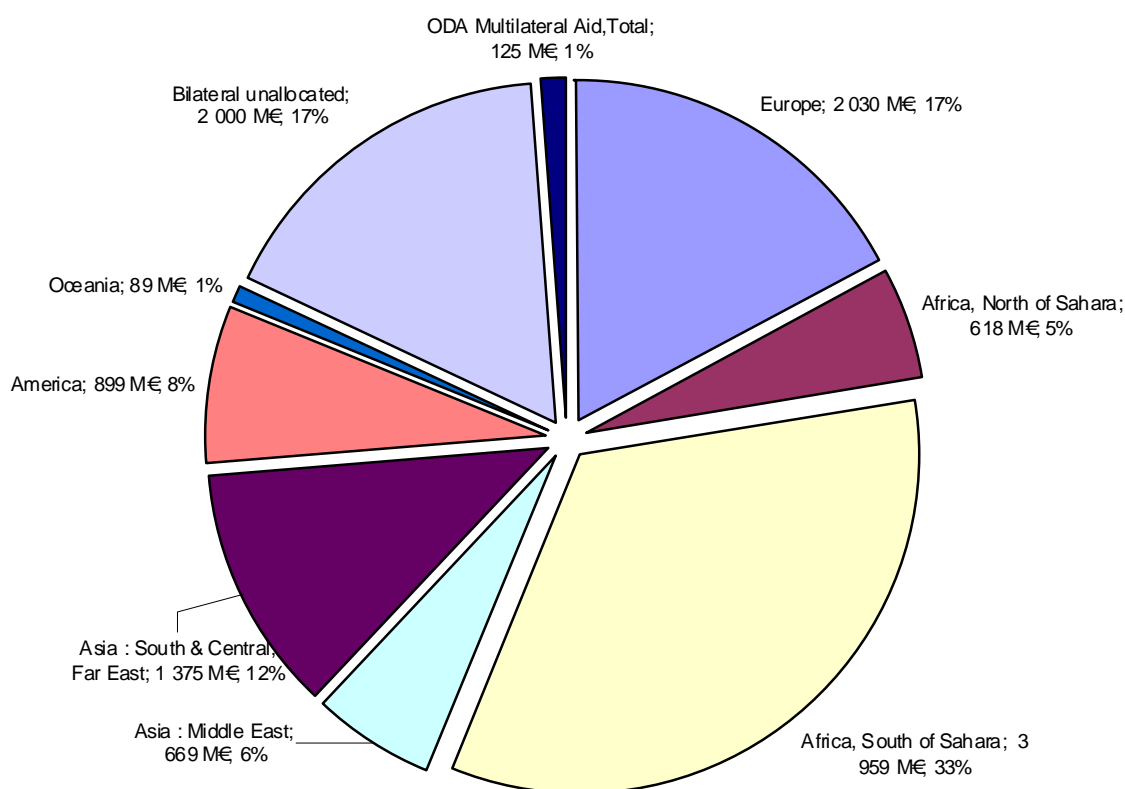
**Fig.6.7 Sectoral breakdown of Official Development Assistance (ODA) 2001 - 2009**

Commitments in €million



Bilateral and Multilateral ODA flows.

**Fig.6.8 Regional distribution of aid to developing countries (ODA) in 2009**



Commitments in €million

( €Million ) Region (1)	Grand total		Managed by Europe Aid		Managed by Other DGs	
	Com mitments	Disbursements	Com mitments	Disbursements	Com mitments	Disbursements
Europe	2 030	1 720	392	325	1 638	1 395
Africa, North of Sahara	618	610	607	597	11	12
Africa, South of Sahara	3 959	3 501	3 471	3 067	488	434
Asia : Middle East	669	617	524	469	145	148
Asia : South & Central, Far East	1 375	1 237	1 002	951	373	287
America	899	809	842	747	58	62
Oceania	89	59	87	58	2	2
Bilateral unallocated	2 000	955	1 698	697	302	258
ODA Multilateral Aid, Total	125	142	124	141	1	1
<b>TOTAL ODA</b>	<b>11 764</b>	<b>9 650</b>	<b>8 747</b>	<b>7 052</b>	<b>3 018</b>	<b>2 598</b>

(1) Following OECD region.

Cfr table "Country breakdown of EC Development Aid in 2009".



**Fig.6.9 Regional distribution of aid to developing countries (ODA) 2004-2009**

<b>Commitments in € million</b>						
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Europe	996	1 144	1 532	1 565	2 093	2 030
Africa	2 910	4 143	3 806	3 687	5 272	4 577
North Of Sahara	480	503	543	521	546	618
South Of Sahara	2 428	3 640	2 867	3 113	4 726	3 929
Regional	2	1	396	53	-	30
America	609	605	759	820	642	899
North & Central	317	331	505	387	329	621
South	230	211	214	334	312	260
Regional	63	62	40	100	2	19
Asia	1 357	1 641	1 852	1 728	1 946	2 043
Middle East	398	420	587	743	735	669
South & Central	517	858	831	739	886	1 024
Far East	391	214	347	164	233	295
Regional	52	149	88	81	91	56
Oceania	52	87	32	141	19	89
Bilateral unallocated	1 172	1 189	1 245	1 586	1 586	2 000
ODA Multilateral Aid, Total	441	479	605	431	366	125
<b>TOTAL ODA</b>	<b>7 538</b>	<b>9 287</b>	<b>9 832</b>	<b>9 959</b>	<b>11 923</b>	<b>11 764</b>

<b>Disbursements in € Million</b>						
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Europe	733	780	1 069	1 062	1 242	1 720
Africa	2 916	3 161	3 341	3 779	4 003	4 111
North Of Sahara	558	559	658	692	570	610
South Of Sahara	2 357	2 602	2 683	3 024	3 433	3 478
Regional	2	0	0	63	1	23
America	535	645	666	776	769	809
North & Central	308	305	365	454	415	441
South	152	233	246	275	314	348
Regional	75	107	56	47	40	20
Asia	1 302	1 484	1 596	1 496	1 850	1 854
Middle East	511	420	494	574	709	617
South & Central	526	661	699	604	858	908
Far East	210	257	295	263	250	266
Regional	55	147	108	55	33	63
Oceania	54	73	64	52	65	59
Bilateral unallocated	876	846	790	856	1 025	955
ODA Multilateral Aid, Total	510	508	602	472	239	292
<b>TOTAL ODA</b>	<b>6 926</b>	<b>7 497</b>	<b>8 130</b>	<b>8 493</b>	<b>9 194</b>	<b>9 800</b>

Bilateral and Multilateral ODA flows.

(1) Following OECD region.

Cfr table "Country breakdown of EU Development Aid in 2009".

Fig.6.10 Country breakdown of EU Development Aid in 2009

( € Million )

Country/Region	Total		Managed by EuropeAid		Managed by Other DG's	
	Com mit.	Disbur.	Com mit.	Disbur.	Com mit.	Disbur.
<b>Part I : Developing Countries &amp; Territories (ODA)</b>						
Europe, Total	2 030.49	1 719.57	392.35	324.84	1 638.15	1 394.73
Albania	82.14	51.65		1.97	82.14	49.68
Belarus	12.20	7.99	12.20	7.99		
Bosnia and Herzegovina	111.26	54.79		1.53	111.26	53.26
Croatia	139.04	93.88		1.33	139.04	92.55
Kosovo (1)	219.59	215.75			219.59	215.75
fYRoM	77.89	39.21		1.18	77.89	38.03
Republic of Moldova (2)	63.21	76.31	57.00	74.61	6.21	1.70
Montenegro	31.29	11.03			31.29	11.03
Serbia	185.42	221.67		4.26	185.42	217.41
Turkey	533.26	571.16		2.07	533.26	569.09
Ukraine	155.00	138.18	154.50	137.67	0.50	0.51
States of ex-Yugoslavia unspecif.		3.77		0.47		3.30
Europe, Regional	420.20	234.18	168.65	91.76	251.55	142.42
Africa, Total	4 577.38	4 110.91	4 078.24	3 664.77	499.14	446.14
North Of Sahara, Total	618.49	609.76	607.36	597.34	11.13	12.42
Algeria	46.58	59.44	35.60	48.90	10.98	10.54
Egypt	140.03	147.01	140.00	146.84	0.03	0.17
Libya		7.38		7.10		0.28
Morocco	146.08	203.35	146.00	203.12	0.08	0.24
Tunisia	77.03	77.64	77.00	76.66	0.03	0.98
North Of Sahara, Regional	208.76	114.93	208.76	114.73		0.20
South Of Sahara, Total	3 928.90	3 477.74	3 440.88	3 045.53	488.01	432.21
Angola	14.05	27.94	13.50	27.93	0.55	0.00
Benin	73.38	105.31	73.37	105.30	0.01	0.00
Botswana	65.56	23.34	65.00	23.23	0.56	0.11
Burkina Faso	60.24	119.89	60.22	110.63	0.02	9.26
Burundi	58.49	94.23	42.49	77.23	16.00	17.00
Cameroon	78.22	42.54	78.20	42.24	0.02	0.31
Cape Verde	11.50	16.20	11.50	15.97	0.00	0.23
Central African Rep.	71.21	39.27	69.21	32.13	2.00	7.14
Chad	91.52	85.45	59.50	52.48	32.02	32.97
Comoros	30.44	10.94	30.44	9.99		0.95
Congo, Dem. Rep.	417.69	179.08	348.12	107.80	69.57	71.28
Congo, Rep.	7.62	18.80	7.60	18.78	0.02	0.02
Cote d'Ivoire	69.06	51.60	69.04	50.90	0.02	0.70
Djibouti	1.35	7.37		7.37	1.35	
Equatorial Guinea		2.31		1.56		0.74
Eritrea	62.99	30.81	58.56	29.05	4.43	1.75
Ethiopia	100.91	148.23	62.88	125.45	38.03	22.78
Gabon	3.71	6.63	3.70	6.62	0.01	0.00
Gambia	2.65	10.95	2.65	10.95		
Ghana	64.04	119.86	64.02	119.82	0.02	0.04
Guinea	5.33	29.58	5.33	29.58		
Guinea-Bissau	28.53	47.06	26.99	42.67	1.54	4.38
Kenya	207.98	54.77	172.25	32.30	35.73	22.47
Lesotho	4.00	11.58	4.00	11.42	0.00	0.17
Liberia	114.41	42.77	102.40	31.50	12.01	11.27
Madagascar	2.81	39.95	2.80	39.18	0.01	0.77
Malawi	87.36	60.40	86.80	60.13	0.56	0.27
Mali	130.38	73.34	130.35	70.49	0.03	2.85
Mauritania	2.09	25.24	2.08	23.52	0.00	1.72
Mauritius	107.48	66.91	107.47	66.90	0.01	0.01
Mayotte		0.87		0.87		
Mozambique	28.68	146.95	27.11	146.32	1.57	0.63
Namibia	2.07	23.43	1.50	23.27	0.57	0.16
Niger	8.81	45.51	8.80	37.92	0.01	7.59
Nigeria	1.57	58.76		56.05	1.57	2.71
Rwanda	103.92	75.13	103.91	75.12	0.00	0.00
St.Helena		1.09		1.09		
Sao Tome & Principe	15.60	2.58	15.60	2.58		
Senegal	77.15	96.56	77.14	95.54	0.01	1.01

Seychelles	19.15	8.66	19.15	8.66		
Sierra Leone	18.43	78.23	18.42	77.36	0.01	0.87
Somalia	77.46	73.18	30.00	36.57	47.46	36.62
South Africa	128.25	110.12	127.68	109.90	0.57	0.22
Sudan	117.39	162.17	0.30	43.17	117.08	119.00
Swaziland	21.89	10.81	21.89	10.72	0.00	0.09
Tanzania	418.69	99.39	408.66	91.31	10.03	8.09
Togo	27.14	34.89	27.12	34.74	0.02	0.15
Uganda	155.45	91.14	131.48	73.24	23.97	17.89
Zambia	41.82	109.51	41.13	108.96	0.69	0.55
Zimbabwe	58.76	57.24	21.81	31.75	36.94	25.49
South Of Sahara, Regional	631.70	599.21	598.70	597.27	33.00	1.94
Africa, Regional	30.00	23.41	30.00	21.90		1.51
America, Total	899.42	808.69	841.65	746.86	57.78	61.83
North & Central, Total	620.91	440.61	593.51	408.36	27.40	32.25
Anguilla						
Antigua & Barbuda	3.40	0.37	3.40	0.37		
Barbados	1.48	5.59	1.46	5.58	0.01	0.01
Belize	24.94	7.12	24.94	6.80		0.32
Costa Rica	4.00	4.95	4.00	4.85	0.00	0.10
Cuba	35.12	12.12	20.60	6.23	14.52	5.89
Dominica	0.00	16.19	0.00	16.19		
Dominican Republic	8.02	47.50	8.00	45.46	0.02	2.05
El Salvador	48.91	17.85	48.40	16.86	0.51	0.99
Grenada	5.30	10.63	5.30	10.63		
Guatemala	43.96	20.08	42.60	19.18	1.36	0.90
Haiti	289.30	73.93	278.98	59.36	10.32	14.57
Honduras	2.02	28.58	2.00	28.30	0.02	0.29
Jamaica	22.86	75.92	22.85	75.90	0.01	0.01
Mexico	10.05	4.42	10.00	4.37	0.05	0.05
Montserrat		4.00		4.00		
Nicaragua	32.56	33.16	32.00	26.35	0.56	6.81
Panama	10.58	1.54	10.58	1.51		0.02
St.Kitts-Nevis	11.10	1.83	11.10	1.83		
St.Lucia	0.12	11.61	0.12	11.61		
St.Vincent & Grenadines	0.04	9.39	0.04	9.39		
Trinidad & Tobago	10.77	1.25	10.76	1.04	0.00	0.21
West Indies, Regional		0.27		0.27		
N. & C. America, Regional	56.37	52.31	56.37	52.28		0.03
South, Total	260.01	347.64	229.63	318.05	30.38	29.58
Argentina	4.43	16.20	4.40	14.74	0.03	1.45
Bolivia	44.72	56.42	40.69	50.09	4.03	6.33
Brazil	17.17	13.58	17.06	13.47	0.11	0.11
Chile	0.03	7.74		7.71	0.03	0.03
Colombia	23.24	32.56	9.13	20.66	14.11	11.90
Ecuador	30.38	44.84	26.40	42.21	3.98	2.63
Guyana	23.30	37.50	23.29	37.49	0.01	0.01
Paraguay	0.03	22.31		21.52	0.03	0.79
Peru	64.85	52.70	62.83	49.52	2.02	3.18
Suriname	17.50	19.25	17.50	19.24	0.00	0.00
Uruguay	0.72	8.37	0.69	8.34	0.03	0.03
Venezuela	8.80	2.40	4.80	1.71	4.00	0.69
South America, Regional	24.85	33.76	22.85	31.34	2.00	2.42
America, Regional	18.50	20.44	18.50	20.44		

Asia, Total	2 043.21	1 854.49	1 525.95	1 419.59	517.25	434.90
Middle East, Total	668.63	616.99	524.12	469.04	144.51	147.95
Bahrain						
Iran	7.29	1.43		0.48	7.29	0.95
Iraq	62.05	53.07	42.04	28.97	20.02	24.10
Jordan	68.03	60.88	68.00	57.27	0.03	3.61
Lebanon	48.19	52.35	43.00	31.98	5.18	20.38
Oman						
Occupied Palestinian territory	399.78	386.57	301.08	294.02	98.70	92.55
Syria	48.78	43.33	40.00	39.56	8.78	3.77
Yemen	31.52	16.95	27.00	14.36	4.52	2.59
Middle East, Regional	3.00	2.41	3.00	2.41		
South & Centr. Asia, Total	1 023.65	907.72	689.38	657.90	334.28	249.82
Afghanistan	269.83	286.65	211.00	203.91	58.83	82.74
Armenia	72.76	27.90	35.70	26.05	37.06	1.85
Azerbaijan	20.62	8.97	20.00	8.56	0.62	0.41
Bangladesh	98.13	94.92	85.10	73.91	13.03	21.01
Bhutan		2.34		1.95		0.39
Georgia	150.69	120.56	73.40	73.83	77.29	46.73
India	17.64	71.57		62.36	17.64	9.22
Kazakhstan	0.08	9.57		9.51	0.08	0.06
Kyrgyz Rep.	20.61	20.70	20.60	19.01	0.01	1.69
Maldives	4.00	2.70	4.00	2.70		
Myanmar (Burma)	33.05	55.16	18.50	29.10	14.55	26.06
Nepal	32.38	31.46	26.35	24.06	6.02	7.40
Pakistan	200.19	69.67	105.00	34.27	95.19	35.40
Sri Lanka	13.64	42.43		26.80	13.64	15.63
Tajikistan	23.08	26.76	22.75	25.85	0.33	0.92
Turkmenistan		2.85		2.85		
Uzbekistan	11.00	4.36	11.00	4.23		0.13
Central Asia, Regional	46.77	19.07	46.77	18.90		0.16
South Asia, Regional	4.00	8.44	4.00	8.44		
South & Central Asia, Regional	5.20	1.62	5.20	1.62		
Far East, Total	295.37	266.33	256.91	229.26	38.46	37.07
Cambodia	6.85	32.66	4.21	29.69	2.65	2.97
China	21.51	32.11	21.00	31.35	0.51	0.75
Indonesia	155.00	81.46	150.00	76.74	5.00	4.73
Korea, Dem.	9.00	2.46	9.00	2.31		0.15
Laos	4.10	18.21		15.16	4.10	3.04
Malaysia	0.08	0.43		0.38	0.08	0.06
Mongolia	2.00	3.88	2.00	3.88		
Philippines	59.68	36.24	43.70	24.69	15.98	11.54
Thailand	19.71	15.40	13.50	4.16	6.21	11.24
Timor-Leste	3.52	7.37	3.50	6.95	0.02	0.42
Viet Nam	13.91	36.11	10.00	33.94	3.91	2.16
Far East Asia, Regional						
Asia, Regional	55.55	63.45	55.55	63.39		0.06
Oceania, Total	88.84	59.16	86.60	57.51	2.24	1.65
Cook Islands		0.21		0.21		
Fiji	0.39	9.23		8.85	0.39	0.37
Kiribati	4.10	1.40	4.10	1.40		
Marshall Islands		1.01		1.01		
Micronesia, Fed. Sts.		1.19		1.19		
Nauru	2.30	0.66	2.30	0.66		
Niue	2.55	0.24	2.55	0.24		
Palau		0.43		0.43		
Papua New Guinea	1.74	23.27	0.66	22.90	1.09	0.37
Samoa	15.30	6.44	15.30	6.44		
Solomon Islands	10.33	2.68	9.96	1.78	0.38	0.90
Tokelau						
Tonga	0.90	0.54	0.90	0.54		
Tuvalu	4.40	0.29	4.40	0.29		
Vanuatu	10.48	2.00	10.10	1.99	0.38	0.00
Wallis & Futuna		0.13		0.13		
Oceania, Regional	36.34	9.45	36.34	9.45		
Bilateral unallocated	2 000.34	954.78	1 697.99	697.17	302.36	257.62
<b>Part I (ODA) Bilateral, Total</b>	<b>11 639.70</b>	<b>9 507.60</b>	<b>8 622.78</b>	<b>6 910.73</b>	<b>3 016.92</b>	<b>2 596.87</b>

<b>Public Private Partnerships</b>						
United Nations	74.53	92.10	73.76	91.37	0.77	0.72
UNRWA	67.00	66.00	67.00	66.00		
UNDP						
WFP						
WHO						
FAO	1.03	0.49	0.26	0.13	0.77	0.35
<b>World Bank Group</b>						
<b>World Trade Organisation</b>						
<b>Regional Development Banks</b>						
Other Multilateral Institutions	50.00	200.00	50.00	200.00		
GFTAM	50.00	200.00	50.00	200.00		
<b>Others</b>						
<b>Part I (ODA) Multilateral Aid, Total</b>	<b>124.53</b>	<b>292.10</b>	<b>123.76</b>	<b>291.37</b>	<b>0.77</b>	<b>0.72</b>
<b>Part I (ODA), Total</b>	<b>11 764.23</b>	<b>9 799.70</b>	<b>8 746.54</b>	<b>7 202.10</b>	<b>3 017.69</b>	<b>2 597.60</b>
<b>Part II: Countries and Territories in Transition (non ODA)</b>						
More Advanced Developing Countries	1.53	29.82	1.50	29.82	0.03	
Aruba		0.90		0.90		
Bahamas						
Bermuda						
Brunei						
Cayman Islands		4.15		4.15		
Taiwan						
Falkland Islands		0.04		0.04		
French Polynesia		0.14		0.14		
Gibraltar						
Hong Kong, China						
Israel	1.50	3.17	1.50	3.17		
Korea	0.03				0.03	
Kuwait						
Macao						
Netherlands Antilles		20.72		20.72		
New Caledonia		0.70		0.70		
Northern Marianas						
Qatar						
Saudi Arabia						
Singapore						
Turks & Caicos Islands						
United Arab Emirates						
Virgin Islands (UK)		0.01		0.01		
MADCT Unallocated						
CEEC's/NIS	11.56	71.70	6.10	64.91	5.46	6.79
Bulgaria						
Cyprus		2.18				2.18
Czech Republic		0.28		0.10		0.18
Estonia						
Hungary		0.75		0.42		0.32
Latvia		0.02		0.02		
Lithuania		0.49		0.49		
Malta						
Poland		0.44		0.35		0.09
Romania		0.41		0.41		
Russia	7.90	62.91	2.50	62.91	5.40	
Slovak Republic		0.17		0.14		0.03
Slovenia		0.33		0.06		0.27
CEECs Unallocated	3.66	3.71	3.60		0.06	3.71
CEECs/NIS Unallocated						
<b>Part II (Non-OA) Bilateral Aid, Total</b>	<b>13.10</b>	<b>101.52</b>	<b>7.61</b>	<b>94.73</b>	<b>5.49</b>	<b>6.79</b>

EBRD						
Part II (non-ODA) Multilateral Aid, Total						
Part II (non-ODA), Total	13.10	101.52	7.61	94.73	5.49	6.79
Grand Total Part I & Part II	11 777.32	9 901.22	8 754.15	7 296.83	3 023.18	2 604.39

Breakdown by country/region of external aid financed on the General Commission Budget and the European Development Fund (EDF) in 2009.

Bilateral and Multilateral ODA / non-ODA flows.

(1) UNSCR 1244/99

(2) henceforth Moldova

Fig.6.11 ODA Recipient by main OECD sector in 2009

Disbursements in € million

	ODA per Capita (Euro / Capita) (1)	Total	Social Infrastruc- tures	Economic Infrastruc- ture & Services	Production	Multisector Cross cutting	Budget Support, Food Aid/ Security	Action relating to debt	Humanita- rian Aid	Other / Unallocated
<b>Least Developed Countries (LDC)</b>										
Afghanistan	9.84	286.65	206.40	2.38	23.51	5.13	7.03		41.90	0.29
Angola	1.47	27.94	19.31	0.06	5.78	1.87	0.61		0.17	0.14
Bangladesh	0.58	94.92	30.47		8.65	7.70	22.81		24.42	0.87
Benin	11.43	105.31	18.85	21.05	11.53	7.58	46.27			0.02
Bhutan	3.30	2.34	0.16		1.05	0.74			0.39	
Burkina Faso	7.36	119.89	11.54	10.93	12.79	0.84	74.52		9.25	0.02
Burundi	11.06	94.23	13.79	23.54	2.99	3.28	37.14		13.05	0.44
Cambodia	2.17	32.66	15.12	1.83	4.50	3.52	4.38		2.90	0.40
Central African Rep.	8.72	39.27	7.39	6.34	1.11	2.25	16.55	0.03	5.51	0.10
Chad	7.43	85.45	18.45	27.42	1.89	2.22	0.94		33.00	1.54
Comoros	15.82	10.94	2.30	1.34		0.02	7.27			
Congo, Dem. Rep.	2.64	179.08	65.47	37.00	10.70	11.51	2.64		51.73	0.01
Djibouti	8.39	7.37	2.81	4.56						
Equatorial Guinea	3.32	2.31	1.19			0.19			0.74	0.18
Eritrea	5.90	30.81	12.79	2.06	5.68	0.04	4.02		6.19	0.02
Ethiopia	1.74	148.23	41.09	35.68	3.49	0.18	36.93		30.77	0.08
Gambia	6.25	10.95	2.38	7.23	1.27	0.06				
Guinea	2.87	29.58	4.78	17.38	2.85	0.07	4.09		0.28	0.14
Guinea-Bissau	28.56	47.06	10.73	11.66	0.51	0.69	23.16		0.22	0.08
Haiti	7.26	73.93	16.32	11.03	2.94	1.16	15.20		25.98	1.30
Kiribati	14.02	1.40	1.40							
Laos	2.83	18.21	3.28	0.01	3.21	0.66	7.75		3.03	0.27
Lesotho	5.56	11.58	10.53		0.26	0.02	0.61		0.16	0.00
Liberia	10.43	42.77	3.15	3.55	3.16	9.81	4.30	7.34	11.45	0.01
Madagascar	1.98	39.95	11.18	6.40	13.62	0.86	3.66		3.97	0.25
Malawi	3.85	60.40	21.19	10.66	6.52	6.10	15.59		0.27	0.07
Maldives	8.62	2.70	0.43		0.08	0.03			2.17	
Mali	5.50	73.34	24.65	3.46	5.95	2.34	32.69		3.21	1.04
Mauritania	7.50	25.24	3.13	12.52	2.44	0.39	2.78		3.31	0.67
Mozambique	6.28	146.95	45.23	18.09	15.48	0.87	66.11		1.02	0.16
Myanmar (Burma)	1.09	55.16	11.79	0.10	2.36		14.96		25.80	0.15
Nepal	1.05	31.46	15.81	2.08	0.26	0.53	3.57		8.90	0.31
Niger	2.86	45.51	13.54	12.20	4.85	2.01	3.46		9.20	0.26
Rwanda	7.31	75.13	9.56	13.02	6.53	0.48	45.44		0.00	0.10
Samoa	35.99	6.44	6.44							
Sao Tome & Principe	15.62	2.58	0.98	1.09	0.06		0.42			0.03
Senegal	7.51	96.56	9.60	39.62	3.87	11.69	30.39		1.00	0.38
Sierra Leone	13.40	78.23	23.64	18.86	0.77	0.97	33.59		0.28	0.12
Solomon Islands	5.00	2.68	1.15			1.27			0.22	0.05
Somalia	7.82	73.18	14.70	1.09	8.41	0.09	1.64		47.25	
Sudan	3.75	162.17	18.72	0.12	13.07	0.42	6.70		123.13	0.01
Tanzania	2.21	99.39	29.98	6.03	4.49	0.16	50.52		8.06	0.16
Timor-Leste	6.30	7.37	2.22			2.68	1.94		0.41	0.11
Togo	5.15	34.89	19.14	0.18	0.58	1.46	9.82	3.13	0.14	0.44
Tuvalu	29.50	0.29							0.28	0.02
Uganda	2.70	91.14	15.19	18.91	0.32	0.12	31.29		25.26	0.06
Vanuatu	8.13	2.00	0.79	0.02	0.21		0.73			0.25
Yemen	0.70	16.95	6.78	0.04	3.46	0.18	3.64		2.58	0.28
Zambia	8.26	109.51	22.86	7.22	6.12	3.30	68.15		1.38	0.48
South Of Sahara, Regional - LDC's										
Asia, Regional - LDC's										
<b>Total Least Developed Countries</b>	3.33	2 842.07	848.41	396.77	207.31	95.49	743.32	10.49	528.96	11.31

<b>Other Low Income Countries (OLIC)</b>										
Cote d'Ivoire	2.39	51.60	31.06	3.67	11.59	0.16		4.95	0.18	
Ghana	4.93	119.86	51.46	18.80	11.97	1.44	35.79		0.40	
Kenya	1.34	54.77	9.77	1.03	4.82	3.65	5.09	29.98	0.43	
Korea, Dem.	0.10	2.46	0.59		0.68		1.05	0.12	0.03	
Kyrgyz Rep.	3.73	20.70	14.82	1.81	1.21	0.10	2.14	0.11	0.51	
Nigeria	0.37	58.76	54.91	0.59	0.53	0.07		2.49	0.17	
Pakistan	0.38	69.67	17.96	0.00	2.85	0.20	5.37	43.26	0.03	
Papua New Guinea	3.38	23.27	14.32		5.06			2.08	1.82	
Tajikistan	3.78	26.76	16.51	0.09	0.86	7.24	0.88	0.92	0.26	
Uzbekistan	0.16	4.36	3.65			0.15		0.13	0.43	
Viet Nam	0.41	36.11	14.16	0.21	4.90	1.12	13.00	2.20	0.52	
Zimbabwe	4.53	57.24	19.48	0.35	3.80	4.07	4.52	24.98	0.04	
<b>Total Other Low Income Countries</b>	<b>0.87</b>	<b>525.58</b>	<b>248.69</b>	<b>26.54</b>	<b>48.27</b>	<b>18.20</b>	<b>67.84</b>	<b>111.23</b>	<b>4.81</b>	
<b>Lower Middle Income Countries (LMIC)</b>										
Albania	16.30	51.65	32.48	3.96	9.98	4.41	0.02	0.04	0.76	
Algeria	1.68	59.44	17.46	6.34	6.53	18.47		10.59	0.06	
Armenia	9.03	27.90	20.91	2.73	0.05	1.03	3.03		0.16	
Azerbaijan	1.00	8.97	5.81	1.16	1.30			0.40	0.30	
Bolivia	5.62	56.42	18.99	11.15	12.33	3.61	6.80	3.00	0.54	
Bosnia and Herzegovina	14.57	54.79	40.15	7.01	4.73	0.85		0.23	1.81	
Cameroon	2.13	42.54	8.05	23.82	5.73	3.13	1.50	0.29	0.02	
Cape Verde	31.61	16.20	4.73	0.34	0.26	3.92	6.71	0.23		
China	0.02	32.11	22.24	0.90	3.05	4.52	0.03	0.51	0.87	
Colombia	0.70	32.56	10.88		3.69	0.01		17.88	0.10	
Congo, Rep.	5.00	18.80	2.38	14.26	0.28	1.68		0.17	0.03	
Cuba	1.08	12.12	0.53		6.31	0.19		5.07	0.02	
Dominican Republic	4.65	47.50	16.15	3.55	6.24	0.33	18.50	2.65	0.07	
Ecuador	3.26	44.84	31.78	1.66	6.07	2.50		2.81	0.02	
Egypt	1.74	147.01	101.74	28.11	2.28	14.03			0.85	
El Salvador	2.88	17.85	14.41	0.18	1.98	0.03	0.04	0.97	0.25	
Georgia	28.57	120.56	46.10	3.09	1.38	1.45	15.41	52.50	0.64	
Guatemala	1.40	20.08	13.12	2.30	0.56	0.42	2.61	0.87	0.21	
Guyana	49.25	37.50	3.20		22.61	5.28	6.34		0.07	
Honduras	3.75	28.58	2.75	1.35	7.15	16.63	0.27	0.35	0.07	
India	0.06	71.57	54.12	0.35	1.19	6.28		9.07	0.56	
Indonesia	0.35	81.46	21.36	3.11	4.26	0.59		51.88	0.27	
Iran	0.02	1.43	0.36					1.07		
Iraq	1.69	53.07	20.11			14.00		18.95	0.00	
Jamaica	27.81	75.92	15.90	23.36	7.73	1.12	27.50		0.30	
Jordan	9.41	60.88	45.55	2.77	5.81	1.81	1.00	3.61	0.34	
Kosovo (2)	119.54	215.75	191.92	16.37	1.69	0.78	5.00			
fYRoM	19.19	39.21	20.81	0.94	3.15	12.15			2.17	
Marshall Islands	15.89	1.01	0.00	0.56		0.01		0.43		
Micronesia, Fed. Sts.	10.68	1.19	0.00	0.52		0.03		0.55	0.08	
Republic of Moldova	21.34	76.31	60.13	13.95	1.67	0.23		0.18	0.15	
Mongolia	1.44	3.88	0.76		3.02	0.09				
Morocco	6.28	203.35	116.74	60.90	4.24	5.75	15.54		0.19	
Namibia	10.59	23.43	15.01	4.00	0.02	4.13		0.14	0.13	
Nicaragua	5.70	33.16	13.46	1.36	2.48	2.50	6.06	6.85	0.46	
Niue	169.58	0.24	0.00	0.24						
occupied Palestinian territory	87.67	386.57	246.44	9.72	4.43	3.85	26.67	94.46	1.01	
Paraguay	3.45	22.31	12.44		1.51	0.39	6.59	0.76	0.61	
Peru	1.79	52.70	37.35	4.41	6.35	1.38		3.16	0.05	
Philippines	0.39	36.24	11.81		5.85	0.87	6.22	11.38	0.10	
Sri Lanka	2.08	42.43	20.59	6.07	0.40	0.06		15.11	0.19	
Swaziland	9.00	10.81	6.04	0.37	4.12	0.19		0.09	0.00	
Syria	1.93	43.33	25.57	1.83	10.15	0.13		5.54	0.09	
Thailand	0.23	15.40	4.05		0.44		0.05	10.72	0.14	
Tokelau	-									
Tonga	5.20	0.54	0.10					0.44		
Tunisia	7.48	77.64	41.11	3.80	4.70	3.72	24.09		0.22	
Turkmenistan	0.55	2.85	2.31	0.01		0.16			0.37	
Ukraine	3.04	138.18	51.78	65.66	7.33	12.09		0.07	1.26	
Wallis & Futuna	8.24	0.13	0.13							
<b>Total Lower Middle Income Countries</b>	<b>0.74</b>	<b>2 648.43</b>	<b>1 449.85</b>	<b>332.20</b>	<b>183.07</b>	<b>154.79</b>	<b>174.97</b>	<b>5.00</b>	<b>333.02</b>	<b>15.54</b>

<b>Upper Middle Income Countries (UMIC)</b>									
Anguilla	-								
Antigua & Barbuda	4.15	0.37	0.30	0.07					
Argentina	0.40	16.20	10.07		4.40	0.28		1.43	0.02
Barbados	21.80	5.59	0.41	4.94	0.23				0.01
Belarus	0.83	7.99	4.97	1.69	0.05	0.02			1.26
Belize	22.75	7.12	0.12	1.74	2.69	1.43		0.32	0.82
Botswana	11.80	23.34	18.06	0.06	4.26	0.56		0.10	0.30
Brazil	0.07	13.58	3.84	0.00	4.71	4.55			0.48
Chile	0.45	7.74	4.14	0.13	3.00	0.41			0.06
Cook Islands	10.68	0.21	0.14					0.07	
Costa Rica	1.07	4.95	0.50	3.93	0.33	0.09		0.09	0.01
Croatia	21.29	93.88	20.05	5.86	4.67	62.66			0.65
Dominica	243.48	16.19	3.28	5.91	4.43	2.57			
Fiji	10.81	9.23	7.59	0.02	1.17	0.18		0.24	0.02
Gabon	4.41	6.63	1.50	1.87	2.61	0.60		0.04	0.00
Grenada	101.88	10.63	2.87	0.00	0.34	0.13	7.29		
Kazakhstan	0.61	9.57	4.55	2.40	1.13	1.29			0.20
Lebanon	12.31	52.35	24.29	0.04	6.69	0.78		20.05	0.49
Libya	1.13	7.38	7.38						
Malaysia	0.02	0.43	0.16	0.18	0.04				0.06
Mauritius	51.60	66.91	2.45				64.45		0.01
Mayotte	4.38	0.87	0.25		0.12	0.50			
Mexico	0.04	4.42	2.07		1.74	0.56			0.05
Montenegro	17.63	11.03	5.53	2.39	2.05	0.23	0.01		0.81
Montserrat	670.92	4.00			4.00				
Nauru	64.03	0.66		0.46				0.20	
Oman	-								
Palau	20.72	0.43		0.19				0.24	
Panama	0.44	1.54	1.41			0.02		0.02	0.08
Serbia	27.53	221.67	86.93	45.16	17.69	10.57	50.00	7.04	4.28
Seychelles	102.34	8.66	0.58				8.00	0.07	0.01
South Africa	2.18	110.12	100.84	1.26	0.77	7.07			0.17
Suriname	36.70	19.25	0.70	14.30	4.09	0.03			0.13
St. Helena	247.94	1.09		1.00				0.09	
St. Kitts-Nevis	34.87	1.83	0.43	0.30	1.05		0.03		0.02
St. Lucia	66.75	11.61	0.56	0.85	7.52	2.67			
St. Vincent & Grenadines	85.89	9.39	3.09	0.17	4.36	1.24			0.53
Trinidad & Tobago	0.93	1.25	0.81		0.17			0.21	0.06
Turkey	7.54	571.16	270.45	96.65	1.68	202.28			0.09
Uruguay	2.48	8.37	3.64	0.20	2.81	1.46	0.23		0.03
Venezuela	0.08	2.40	1.25		0.24	0.17		0.65	0.09
<b>Total Upper Middle Income Countries</b>	<b>2.18</b>	<b>1 350.03</b>	<b>595.21</b>	<b>191.77</b>	<b>89.02</b>	<b>302.37</b>	<b>130.01</b>	<b>30.87</b>	<b>10.78</b>
<b>Total LDC + OLIC + LMIC + UMIC</b>	<b>1.31</b>	<b>7 366.11</b>	<b>3 142.16</b>	<b>947.28</b>	<b>527.67</b>	<b>570.85</b>	<b>1 116.13</b>	<b>15.49</b>	<b>1 004.09</b>
<b>By region</b>									
Europe	10.87	1 719.57	869.55	309.93	60.43	366.10	51.06	5.00	9.95
Africa	3.98	4 110.91	1 309.14	597.96	505.35	240.78	842.26	110.49	474.31
America	1.39	808.69	292.39	113.64	145.02	54.12	97.56		96.03
Asia	0.48	1 854.49	1 000.59	51.77	122.36	72.01	141.63		454.70
Oceania	6.46	59.16	35.76	2.64	9.04	2.63	0.73		5.74
Bilateral unallocated	0.17	954.78	135.19	19.81	106.23	25.80	105.58		36.97
<b>Total Region</b>	<b>1.69</b>	<b>9 507.60</b>	<b>3 642.62</b>	<b>1 095.76</b>	<b>948.44</b>	<b>761.44</b>	<b>1 238.81</b>	<b>115.49</b>	<b>1 077.71</b>

Breakdown by country/region of external aid financed on the General Commission Budget and the European Development Fund (EDF) in 2009.  
Bilateral ODA flows.

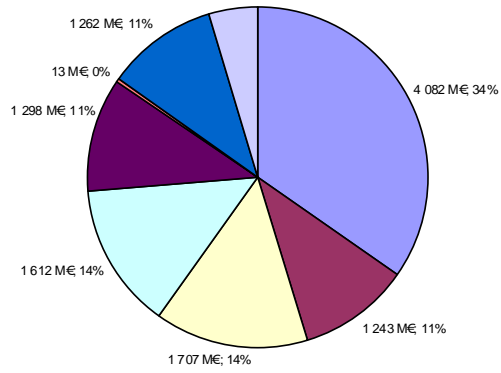
(1) Source : World Population Prospects - United Nations Population Division - 2008 revision

(2) UNSCR 1244/99

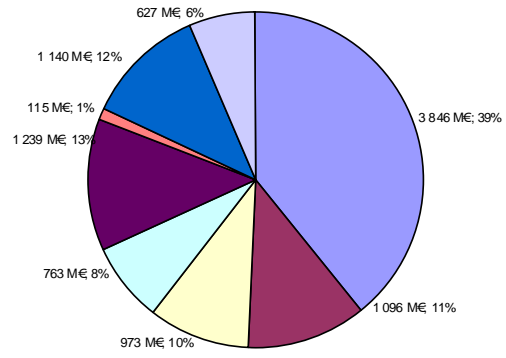


Fig.6.12 Sectoral breakdown of ODA managed by the EC in 2009

Commitments in € Million



Disbursements in € Million



- 1. Social infrastructures: education, health, water, government and civil society, other
- 2. Economic infrastructures and services: transport, communications, energy, other services
- 3. Production: agriculture, forestry and fishing, industry, mining and construction, trade and tourism
- 4. Multisector/Crosscutting: environment, other
- 5. Budget support, food aid, food security
- 6. Action relating to debt
- 7. Humanitarian Aid
- 9. Other/Unallocated: admin. costs, support to NGOs, unspecified

Fig.6.13 Detailed description of ODA by sector in 2009 - Commitments

Commitments in €Million

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DGs
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	4 082.49	3 045.20	1 037.29
<b>Education</b>	905.96	845.29	60.68
Education, level unspecified	424.95	403.45	21.50
Basic education	140.53	136.78	3.75
Secondary education	154.47	134.60	19.87
Post-secondary education	186.01	170.45	15.56
<b>Health</b>	424.56	409.61	14.95
Health, general	208.05	193.10	14.95
Basic health	216.51	216.51	
<b>Population polices/programs and reproductive health</b>	59.36	59.36	
<b>Water supply and sanitation</b>	381.57	336.97	44.60
<b>Government and civil society</b>	1 756.08	964.32	791.77
<b>Other Social Infrastructure</b>	554.96	429.66	125.30
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	1 243.43	1 067.88	175.55
<b>Transport and storage</b>	1 001.32	846.25	155.07
<b>Communications</b>	19.82	15.01	4.81
<b>Energy generation and supply</b>	159.52	152.32	7.20
<b>Banking and financial services</b>	22.67	15.00	7.67
<b>Business and other services</b>	40.10	39.30	0.80
<b>PRODUCTION SECTORS</b>	1 707.13	1 555.31	151.82
<b>Agriculture, Forestry and Fishing</b>	1 302.54	1 168.87	133.68
Agriculture	1 239.73	1 107.91	131.82
Forestry	22.76	22.76	
Fishing	40.06	38.20	1.86
<b>Industry, Mining and Construction</b>	154.80	151.63	3.17
Industry	149.93	146.93	3.00
Mineral resources and mining	4.70	4.70	
Construction	0.17		0.17
<b>Trade and Tourism</b>	249.78	234.81	14.97
Trade policy and regulation	249.78	234.81	14.97
Tourism			
<b>MULTISECTOR/CROSCUTTING</b>	1 612.23	1 183.98	428.25
<b>General environmental protection</b>	360.66	244.77	115.89
<b>Other multisector</b>	1 251.57	939.21	312.36
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	1 298.07	1 217.07	81.00
<b>General budget support</b>	949.91	868.91	81.00
<b>Development food aid/food security assistance</b>	348.16	348.16	
<b>Other commodity assistance</b>			
<b>ACTION RELATING TO DEBT</b>	12.87	12.87	
Action relating to debt	12.87	12.87	
<b>HUMANITARIAN AID</b>	1 262.18	336.40	925.78
<b>Emergency Response</b>	1 088.12	222.40	865.71
<b>Reconstruction relief and rehabilitation</b>	121.63	95.00	26.63
<b>Disaster prevention and preparedness</b>	52.44	19.00	33.44
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	545.84	327.84	218.00
<b>Administrative costs of donors</b>	461.75	272.80	188.95
<b>Support to non-governmental organisations</b>			
<b>Refugees in donor countries</b>			
<b>Unallocated/unspecified</b>	84.09	55.04	29.05
<b>GRAND TOTAL</b>	11 764.23	8 746.54	3 017.69

Breakdown by sector of Official Development Assistance (ODA) financed on the General EU Budget and the European Development Fund (EDF) in 2009. Bilateral and Multilateral ODA flows.

Fig.6.14 Detailed description of ODA by sector in 2009 - Disbursements

Disbursements in € Million

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DGs
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	3 845.92	2 966.85	879.07
<b>Education</b>	635.23	580.43	54.79
Education, level unspecified	265.00	260.77	4.23
Basic education	104.27	102.29	1.98
Secondary education	90.39	67.43	22.96
Post-secondary education	175.57	149.94	25.62
<b>Health</b>	544.91	530.65	14.25
Health, general	111.52	98.34	13.19
Basic health	433.38	432.31	1.07
<b>Population polices/programs and reproductive health</b>	50.40	49.92	0.48
<b>Water supply and sanitation</b>	380.42	360.82	19.60
<b>Government and civil society</b>	1 674.44	962.32	712.12
<b>Other Social Infrastructure</b>	560.52	482.71	77.81
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	1 095.76	894.59	201.17
<b>Transport and storage</b>	672.16	590.73	81.43
<b>Communications</b>	43.68	33.60	10.07
<b>Energy generation and supply</b>	242.78	197.19	45.58
<b>Banking and financial services</b>	27.20	16.39	10.81
<b>Business and other services</b>	109.94	56.67	53.27
<b>PRODUCTION SECTORS</b>	972.73	919.69	53.04
<b>Agriculture, Forestry and Fishing</b>	566.13	545.88	20.25
Agriculture	513.57	496.38	17.19
Forestry	39.23	39.03	0.20
Fishing	13.33	10.47	2.86
<b>Industry, Mining and Construction</b>	230.24	211.61	18.64
Industry	187.57	173.94	13.63
Mineral resources and mining	38.45	33.91	4.54
Construction	4.22	3.76	0.46
<b>Trade and Tourism</b>	176.36	162.20	14.15
Trade policy and regulation	166.43	153.06	13.37
Tourism	9.93	9.15	0.78
<b>MULTISECTOR/CROSSCUTTING</b>	763.11	408.98	354.13
<b>General environmental protection</b>	191.94	114.96	76.98
<b>Other multisector</b>	571.17	294.02	277.15
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	1 238.95	1 173.62	65.32
<b>General budget support</b>	865.66	800.35	65.32
<b>Development food aid/food security assistance</b>	373.28	373.27	0.01
<b>Other commodity assistance</b>			
<b>ACTION RELATING TO DEBT</b>	115.49	110.49	5.00
Action relating to debt	115.49	110.49	5.00
<b>HUMANITARIAN AID</b>	1 140.41	319.30	821.12
<b>Emergency Response</b>	921.30	163.66	757.64
<b>Reconstruction relief and rehabilitation</b>	163.49	127.07	36.42
<b>Disaster prevention and preparedness</b>	55.61	28.56	27.05
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	627.34	408.58	218.75
<b>Administrative costs of donors</b>	524.48	341.34	183.14
<b>Support to non-governmental organisations</b>	12.24	11.97	0.27
<b>Refugees in donor countries</b>			
<b>Unallocated/unspecified</b>	90.61	55.27	35.34
<b>GRAND TOTAL</b>	9 799.70	7 202.10	2 597.60

Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2009.  
Bilateral and Multilateral ODA flows.

Fig.6.15 EuropeAid in 2009: A closer look. Sectoral breakdown per region

Commitments in € Million									
Sector of Destination	ENPI East	ENPI South	ENPI	Asia	Latin America	ACP	Multi Region	Total	
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	133	788	1	531	202	1 049	342	3 045	
<b>Education</b>	67	248		248	45	221	16	845	
Education, level unspecified		152		171	13	61	6	403	
Basic education				7		130		137	
Secondary education	34	35		26	25	7	8	135	
Post-secondary education	33	62		44	7	23	2	170	
<b>Health</b>		147		41	61	75	86	410	
Health, general		132		5		20	36	193	
Basic health		15		36	61	55	50	217	
<b>Population policies/programs and reproductive health</b>						14	46	59	
<b>Water supply and sanitation</b>	51	60			14	211	2	337	
<b>Government and civil society</b>	12	59	1	224	31	473	165	964	
<b>Other Social Infrastructure</b>	3	275		18	51	56	27	430	
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	124	22		15	9	871	28	1 068	
<b>Transport and storage</b>	65			5		776		846	
<b>Communications</b>					2	13		15	
<b>Energy generation and supply</b>	52	22		10	7	34	28	152	
<b>Banking and financial services</b>						15		15	
<b>Business and other services</b>	7					32		39	
<b>PRODUCTION SECTORS</b>	14	55		144	88	525	731	1 555	
<b>Agriculture, Forestry and Fishing</b>	14	1		98	13	316	728	1 169	
Agriculture	14	1		98	8	268	719	1 108	
Forestry					5	10	8	23	
Fishing						38		38	
<b>Industry, Mining and Construction</b>		54		26	29	41	3	152	
Industry		54		26	29	36	3	147	
Mineral resources and mining						5		5	
Construction									
<b>Trade and Tourism</b>				20	46	168		235	
Trade policy and regulation				20	46	168		235	
Tourism									
<b>MULTISECTOR/CROSSCUTTING</b>	123	140	39	83	48	460	293	1 184	
<b>General environmental protection</b>	42			23	11	80	89	245	
<b>Other multisector</b>	81	140	39	60	37	379	204	939	
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	5	14		69	78	965	87	1 217	
<b>General budget support</b>						869		869	
<b>Development food aid/food security assistance</b>	5	14		69	78	96	87	348	
<b>Other commodity assistance</b>									
<b>ACTION RELATING TO DEBT</b>							13	13	
<b>Action relating to debt</b>							13	13	
<b>HUMANITARIAN AID</b>	50	95		97		95		336	
<b>Emergency Response</b>		77		84		61		222	
<b>Reconstruction relief and rehabilitation</b>	44	18				34		95	
<b>Disaster prevention and preparedness</b>	6			13				19	
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	50	0		4		14	260	328	
<b>Administrative costs of donors</b>						14	259	273	
<b>Support to non-governmental organisations</b>									
<b>Unallocated/unspecified</b>	50	0		4			1	55	
<b>GRAND TOTAL</b>	499	1 113	40	941	424	3 990	1 740	8 747	

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by EuropeAid and the European Development Fund (EDF).

Bilateral and Multilateral ODA flows.

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

**ENPI East** : Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine. (Russia excluded)

**ENPI South** : Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, occupied Palestinian territory, Syria, Tunisia. (Israel excluded)

**Asia** : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia, Philippines, Thailand, Timor-Leste, Viet Nam.

**Latin America** : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

**ACP** : South of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Suriname. (Turks & Caicos Islands excluded)

**Multi region** : covering several regions or unspecified location.

Fig.6.16 EuropeAid in 2009: A closer look. Sectoral breakdown per region

Disbursements in € Million									
Sector of Destination	ENPI East	ENPI South	ENPI	Asia	Latin America	ACP	Multi Region	Total	
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	218	644	16	533	218	1 193	144	2 967	
<b>Education</b>	34	178	0	158	88	115	8	580	
Education, level unspecified	4	107	0	39	47	57	6	261	
Basic education	1	7		56	2	37	0	102	
Secondary education	1	38		7	11	10	2	67	
Post-secondary education	28	26		56	28	12		150	
<b>Health</b>	20	31	0	65	40	318	57	531	
Health, general	15	28	0	22	0	29	4	98	
Basic health	5	3	0	43	40	289	53	432	
Population polices/programs and reproductive health	1	7		6	3	27	6	50	
Water supply and sanitation	25	56	1	17	15	245	1	361	
Government and civil society	109	102	14	220	51	400	65	962	
Other Social Infrastructure	29	270	0	67	21	88	6	483	
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	116	122	4	30	34	568	20	895	
Transport and storage	29	45	3	14	14	487		591	
Communications	1	4	0	5	4	20	0	34	
Energy generation and supply	83	38	1	7	11	38	19	197	
Banking and financial services	2	4		3	0	7		16	
Business and other services	1	31	0	1	6	17		57	
<b>PRODUCTION SECTORS</b>	14	96	2	92	66	524	125	920	
<b>Agriculture, Forestry and Fishing</b>	3	11	0	56	37	315	124	546	
Agriculture	2	11	0	50	29	293	112	496	
Forestry	1	0		5	8	13	13	39	
Fishing				2		9		10	
<b>Industry, Mining and Construction</b>	5	68	0	18	15	104	0	212	
Industry	4	68	0	12	15	74	0	174	
Mineral resources and mining	1			4	0	29		34	
Construction				3		1		4	
<b>Trade and Tourism</b>	7	17	2	18	14	105	1	162	
Trade policy and regulation	7	14		15	14	103	0	153	
Tourism	0	3	2	2	0	2	0	9	
<b>MULTISECTOR/CROSSCUTTING</b>	17	51	1	62	37	216	25	409	
General environmental protection	2	4	1	16	21	53	18	115	
Other multisector	15	47	1	45	16	164	7	294	
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	4	67		96	23	878	106	1 174	
General budget support	3	40		18	7	733		800	
Development food aid/food security assistance	1	28		77	16	145	106	373	
Other commodity assistance									
<b>ACTION RELATING TO DEBT</b>								110	110
Action relating to debt								110	110
<b>HUMANITARIAN AID</b>	41	82		79	14	103	0	319	
Emergency Response	39	74		7	5	38		164	
Reconstruction relief and rehabilitation	2	7		69	2	47		127	
Disaster prevention and preparedness	0	1		2	7	19	0	29	
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	24	4	1	7	6	33	334	409	
Administrative costs of donors	0	0	0	1	2	16	322	341	
Support to non-governmental organisations	1	2		2	1	4	3	12	
Unallocated/unspecified	24	3	1	4	2	12	9	55	
<b>GRAND TOTAL</b>	<b>435</b>	<b>1 067</b>	<b>25</b>	<b>898</b>	<b>398</b>	<b>3 626</b>	<b>753</b>	<b>7 202</b>	

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by EuropeAid and the European Development Fund (EDF).

Bilateral and Multilateral ODA flows.

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

**ENPI East** : Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine. (Russia excluded)

**ENPI South** : Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, occupied Palestinian territory, Syria, Tunisia. (Israel excluded)

**Asia** : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia, Philippines, Thailand, Timor-Leste, Viet Nam.

**Latin America** : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

**ACP** : South of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Suriname. (Turks & Caicos Islands excluded)

**Multi region** : covering several regions or unspecified location.

Fig.6.17 External aid in 2009: A closer look. Sectoral breakdown per instrument

Commitments in € million

Sector of Destination	ENPI	EDF	DCI - Geo (1)	DCI - Thema (2)	Food Facility (3)	EIDHR	IFS	NSI	CFSP	IPA	Echo	Other	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	920	905	859	182	8	153	78		219	719		40	4 082
<b>Education</b>	315	93	421	16						41		20	906
Education, level unspecified	152	61	184	6						22			425
Basic education		8	129							4			141
Secondary education	69	7	51	8								20	154
Post-secondary education	94	18	56	2						16			186
<b>Health</b>	147	75	102	76						15		10	425
Health, general	132	20	5	26						15		10	208
Basic health	15	55	97	50									217
Population policies/programs & reproductive health		12		48									59
<b>Water supply and sanitation</b>	110	210	11	1						45		6	382
<b>Government and civil society</b>	71	470	255	13		153	78		219	493		4	1 756
<b>Other Social Infrastructure</b>	278	46	70	28	8					125			555
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	93	870	13	19				74		176		0	1 243
<b>Transport and storage</b>	65	776	5							155			1 001
<b>Communications</b>		13	2							5		0	20
<b>Energy generation and supply</b>	21	33	6	19				74		7			160
<b>Banking and financial services</b>		15								8			23
<b>Business and other services</b>	7	32								1			40
<b>PRODUCTION SECTORS</b>	68	397	218	103	767					145		8	1 707
<b>Agriculture, Forestry and Fishing</b>	14	212	99	75	767					133		3	1 303
Agriculture	14	164	94	67	767					132		2	1 240
Forestry		10	5	8									23
Fishing		38								1		1	40
<b>Industry, Mining and Construction</b>	54	27	53	17						3		0	155
Industry	54	23	53	17						3		0	150
Mineral resources and mining		5											5
Construction										0			0
<b>Trade and Tourism</b>		158	66	11						10		5	250
Trade policy and regulation		158	66	11						10		5	250
Tourism													
<b>MULTISECTOR/CROSSCUTTING</b>	300	428	114	319				11		417		25	1 612
<b>General environmental protection</b>	42	57	17	129						115		1	361
<b>Other multisector</b>	258	371	97	190				11		302		24	1 252
<b>COMMODITY AID AND GENERAL PROGRAMME</b>		785	58	311	63							81	1 298
<b>General budget support</b>		723		83	63								950
<b>Development food aid/food security assist.</b>		62	58	228								0	348
<b>Other commodity assistance</b>													
<b>ACTION RELATING TO DEBT</b>		13											13
<b>Action relating to debt</b>		13											13
<b>HUMANITARIAN AID</b>	145	90	97	5				47			879		1 262
<b>Emergency Response</b>	77	56	84	5				20			846		1 088
<b>Reconstruction relief and rehabilitation</b>	62	34						27					122
<b>Disaster prevention and preparedness</b>	6		13								33		52
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	51	14	52	71	7	8	5	1	0	64	9	265	546
<b>Administrative costs of donors</b>	38	14	48	35	7	8	5	1	0	54	9	244	462
<b>Support to non-governmental organisations</b>													
<b>Unallocated/unspecified</b>	14		4	36						10		21	84
<b>GRAND TOTAL</b>	1 576	3 502	1 410	1 009	844	162	140	75	219	1 520	888	420	11 764

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by EuropeAid and the European Development Fund (EDF). Bilateral and Multilateral ODA flows.

(1) DCI - Geo : Asia, Latin America, South Africa

(2) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes

(3) Food Facility : Facility for rapid response to soaring food prices in developing countries, Pilot project — Finance for agricultural production

(4) Administrative costs of donors : column "Other" includes EDF contribution to common administrative support expenditure and also expenditure concerning others instrument

(5) CFSP is financed on the General EU Budget managed by DG External Relations

Fig.6.18 External aid in 2009: A closer look. Sectoral breakdown per instrument

Disbursements in € Million													
Sector of Destination	ENPI	EDF	DCI - Geo (1)	DCI - Thema (2)	Food Facility (3)	EIDHR	IFS	NSI	CFSP	IPA	Echo	Other	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	824	980	742	280	2	116	75		288	508		31	3 846
<b>Education</b>	210	105	240	24		0	0			36		20	635
Education, level unspecified	111	56	85	7		0	0			4		0	265
Basic education	6	30	54	11		0	0			2		0	104
Secondary education	38	8	16	5		0	0			4		19	90
Post-secondary education	55	10	84	0						26		1	176
<b>Health</b>	50	284	110	82	2	0	0			14		4	545
Health, general	42	25	21	5						13		4	112
Basic health	7	258	89	76	2	0	0			1			433
<b>Population policies/programs and reproductive health</b>	1	11	2	36		0				0			50
<b>Water supply and sanitation</b>	82	201	61	16						20		0	380
<b>Government and civil society</b>	186	326	233	93		115	72		288	361		2	1 674
<b>Other Social Infrastructure</b>	296	53	96	30		0	2			77		5	561
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	187	550	63	38		0	1	56		195		6	1 096
<b>Transport and storage</b>	76	485	27	2						81			672
<b>Communications</b>	5	13	9	5		0	1			5		5	44
<b>Energy generation and supply</b>	68	30	16	28					56	44		0	243
<b>Banking and financial services</b>	6	6	3	2						11			27
<b>Business and other services</b>	33	15	7	0						53		1	110
<b>PRODUCTION SECTORS</b>	108	285	108	167	212		1			47		45	973
<b>Agriculture, Forestry and Fishing</b>	9	101	45	143	212		1			15		40	566
Agriculture	9	90	39	113	210		1			15		37	514
Forestry		4	4	29	2					0			39
Fishing		8	2	1						0		3	13
<b>Industry, Mining and Construction</b>	74	81	32	22						19		2	230
Industry	73	51	26	22						14		2	188
Mineral resources and mining	1	29	4							5			38
Construction		1	3							0			4
<b>Trade and Tourism</b>	25	102	31	2						13		3	176
Trade policy and regulation	21	102	29	1						12		2	166
Tourism	4	1	2	1						1		1	10
<b>MULTISECTOR/CROSSCUTTING</b>	67	183	82	64		0	0			349		17	763
<b>General environmental protection</b>	6	43	31	34						73		4	192
<b>Other multisector</b>	61	140	51	30		0	0			276		13	571
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	40	714	23	154	242					50		15	1 239
<b>General budget support</b>	40	688	23	50						50		15	866
<b>Development food aid/food security assistance</b>		26	1	104	242					0		0	373
<b>Other commodity assistance</b>													
<b>ACTION RELATING TO DEBT</b>		110								5			115
<b>Action relating to debt</b>		110								5			115
<b>HUMANITARIAN AID</b>	123	103	92	1			47			10	764	1	1 140
<b>Emergency Response</b>	113	37	13	1			18			0	738	1	921
<b>Reconstruction relief and rehabilitation</b>	9	46	71	1			28			8			163
<b>Disaster prevention and preparedness</b>	1	19	9	0						1	26		56
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	44	28	55	69	2	11	6	1	0	68	8	334	627
<b>Administrative costs of donors (4)</b>	37	16	49	33	2	9	5	1	0	49	8	316	524
<b>Support to non-governmental organisations</b>	0	2	1	6		2				0			12
<b>Unallocated/unspecified</b>	7	10	5	30		0	2	0		19		18	91
<b>GRAND TOTAL</b>	1 394	2 953	1 165	774	458	127	130	57	288	1 232	772	450	9 800

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by EuropeAid and the European Development Fund (EDF).  
Bilateral and Multilateral ODA flows.

(1) DCI - Geo : Asia, Latin America, South Africa

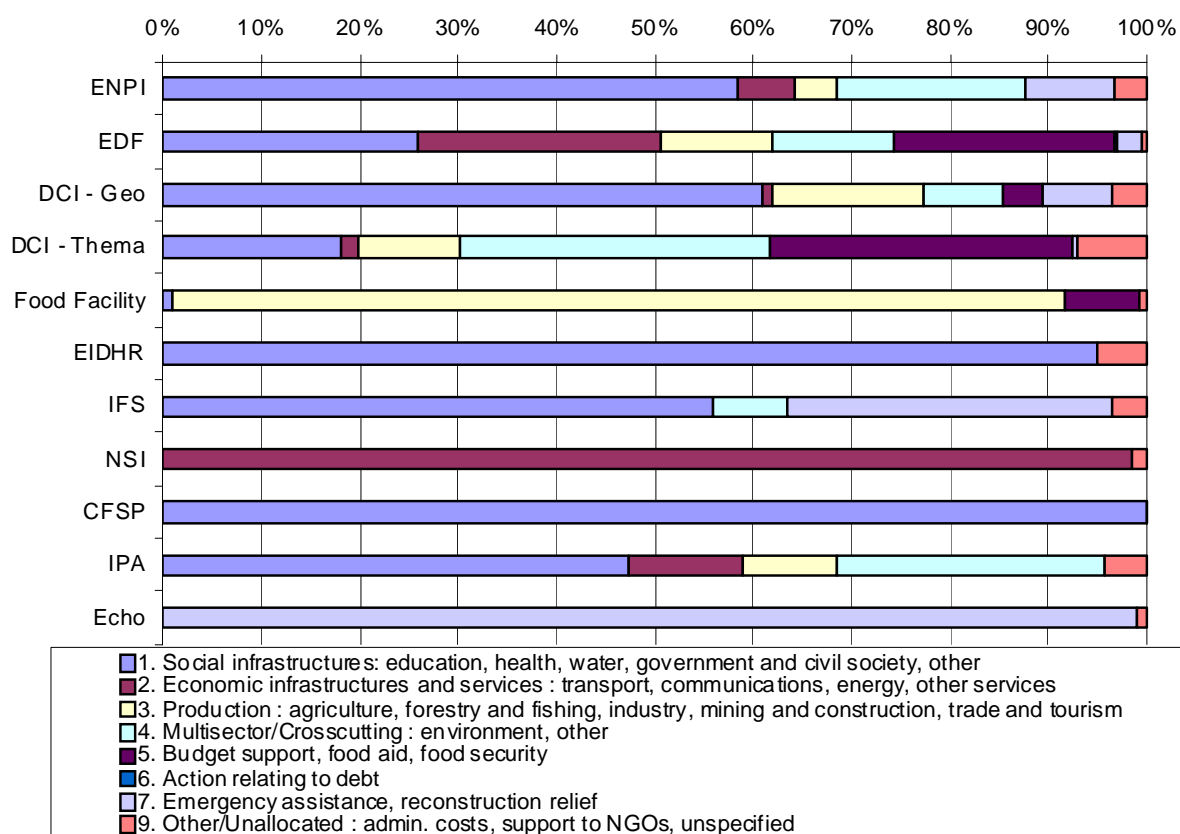
(2) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes

(3) Food Facility : Facility for rapid response to soaring food prices in developing countries; Pilot project — Finance for agricultural production

(4) Administrative costs of donors : column "Other" includes EDF contribution to common administrative support expenditure and also expenditure concerning others instrument

(5) CFSP is financed on the General Commission Budget managed by DG External Relations

**Fig.6.19 External aid in 2009: A closer look. Sectoral breakdown per instrument**



Commitments %

**Fig.6.20 Budget Support 2009 : breakdown by instrument**

Commitments in € Million

	General Budget Support	Sector Budget Support	Total Budget Support	Total ODA	Budget Support / Total ODA
European Neighbourhood Partnership Instrument (ENPI)	-	597	597	1 576	38%
Development Cooperation Instrument - Geographic (1)	-	497	497	1 410	35%
Development Cooperation Instrument - Thematic (2)	145	79	225	1 009	22%
European Development Fund (EDF)	723	384	1 107	3 502	32%
Grand Total	869	1 557	2 425	7 497	32%

(1) DCI - Geographic : Asia, Latin America, South Africa

(2) DCI - Thematic : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes



### 6.3. Glossary

AA		Association Agreements
AAP		Annual Action Plan
ACP		African, Caribbean and Pacific States
AFD		French Development Agency
AfDB		African Development Bank
African IBAR	Union-	African Union–InterAfrican Bureau for Animal Resources
AMSP		Accompanying Measures for Sugar Protocol
ARF		ASEAN Regional Forum
ASEAN		Association of South-East Asian Nations
ASEM		Asia-Europe Meeting
AU		African Union
CAN		Andean Community
Cariforum		Caribbean Forum of ACP states
CARTAC		Caribbean Regional Technical Assistance Centre
CBC		Cross-border Cooperation
CDB		Caribbean Development Bank
CIDA		CIDA Canadian International Development Agency
CIS		Commonwealth of Independent States
CCRIF		Caribbean Catastrophe Risk Insurance Fund
CMTF		Centrally managed thematic projects
CSP		Country Strategy Paper
DAC		Development Assistance Committee of the OECD
DCI		Development Cooperation Instrument
DCT		Developing and transition countries
DfID		UK Department for International Development
DMF		Debt management facility
DRR		Disaster Risk Reduction
EaP		Eastern Partnership

ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EFA	Education for all
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ENRTP	Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy
EPA	Economic Partnership Agreement
ESDP	European Security and Defence Policy
EU	European Union
EU EOMs	European Union Election Observation Missions
FAFA	The EC/UN Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organisation
FLEGT	Forest law enforcement, governance and trade
FPA	Framework Partnership Agreement (between the Commission and its operational partners)
FTI	Fast track initiative
GAVI	Global Alliance for Vaccines and Immunisation
GCCA	Global Climate Change Alliance
GDPRD	Global Donor Platform for Rural Development
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GFATM	The Global Fund to Fight AIDS, TB and Malaria
GGFI	Global Gas Flaring Initiative
GTZ	German Organisation for Technical Cooperation
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries

IAEA	International Atomic Energy Agency
ICI	Industrialised Countries Instrument
IDEA	International Institute for Democracy and Electoral Assistance
IDPs	Internally displaced persons
IFAD	International Fund for Agricultural Development
IfS	Instrument for Stability
IFI	International Financial Institutions
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International Non-governmental organisation
INSC	Instrument for Nuclear Safety Cooperation
IOM	International Organisation for Migration
IPAD	Portuguese Institute for Development Assistance
IRFFI	International Reconstruction Fund Facility for Iraq
ITC/ILO	International Training Centre of the International Labour Organization
ITF	EU-Africa Infrastructure Trust Fund
LA	Local authorities
LAC	Latin America and Caribbean
LAIF	Latin America Investment Facility
LDC	Least Developed Countries
LIC	Low Income Countries
LMIC	Lower Middle Income Countries
LRRD	Linking relief, rehabilitation and development
MFA	Micro Financial Assistance
MDGs	Millennium Development Goals
MERCOSUR	Regional Trade Agreement among Argentina, Brazil, Paraguay and Uruguay
MIC	Middle Income Countries
NEPAD	New Partnership for Africa's Development

NIF	Neighbourhood Investment Facility
NGO	Non-governmental organisation
NSA	Non-State actors
OAS	Organisation of American States
OCT	Overseas Countries and Territories
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAHO	United Nations - Pan American Health Organisation
PCA	Partnership and Cooperation Agreements
PCD	Policy Coherence for Development
Pegase	Mecanisme "Palestino Europeen de Gestion et d'Aide Socio-Economique"
PIF	Pacific Island Forum
PFM	Public finance management
PRAG	Practical Guide
PRSP	Poverty Reduction Strategy Papers
Quartet	The Quartet on the Middle East gathering the United States, Russia, the European Union, and the United Nations
oQSG	office Quality Support Group
RDB	Regional Development Banks
REC	Regional economic communities
RIP	Regional Indicative Programme
ROM	Results Oriented Monitoring System
RSP	Regional Strategy Paper
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SBS	Sector budget support
SIDS	Small island developing states
SIGMA	Support for Improvement in Governance and Management
SPSP	Sector policy support programme

TAIEX	Technical Assistance and Information Exchange
TA	Technical Assistance
TIM	Temporary International Mechanism
TVET	Technical and Vocational Education and Training
UfM	Union for the Mediterranean
UMIC	Upper Middle Income Countries
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UN-FAO	United Nations - Food and Agriculture Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOCD	United Nations Office on Drugs and Crime
UNOPS	UN common services
UNRWA	United Nations - Relief and Works Agency for Palestine Refugees in the Near East
UNSG	United Nations Secretary-General
UNCTAD	United Nations Conference on Trade and Development
UN-WFP	United Nations - World Food Programme
UN-WHO	United Nations -World Health Organisation
V-FLEX	Vulnerability FLEX mechanism
VPA	Voluntary Partnership Agreement
WAEMU	West African Economic and Monetary Union
WB	World Bank
WFP	World Food Programme
WMDs	Weapons of mass destruction